Daily Report

Central Eurasia

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FBIS-SOV-96-149 *1 August 1996*

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CIS: ITAR-TASS Carries Press Review for 1 Aug

LD0108054296 Moscow ITAR-TASS in English 0522 GMT 1 Aug 96

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW, August 1 (Itar-Tass) — Follows a review of Thursday's Moscow-based Russian newspapers dated August 1.

TRUD on the situation in Primorye (Maritime Territory).

"The situation in Primorye is threatening to result in serious upheavals," the newspaper warns in a dispatch from Vladivostok. The newspaper presents shocking facts from miners' life.

KOMSOMOLSKAYA PRAVDA reports hunger among miners in Primorye and the results of an inquiry, carried out by the Federal Board for Industrial Insolvency Cases, into the leakage of budget funds which Moscow sends to Primorye miners.

IZVESTIYA on an unemployment control foundation.

The newspaper writes about a foundation, which was set up under the cover of the ROSUGOL coal-production amalgamation, for the elimination of unemployment and poverty. The Foundation did not help anyone but only embezzled budget funds.

IZVESTIYA on Chechen field commander who reportedly organised Moscow trolleybus bomb blasts.

A group of the newspaper's reporters write in detail about Khaykhoroyev, a Chechen field commander of separatists, who, according to a Federal Security Service (FSB) version, organised bomb blasts in Moscow trolleybuses.

ROSSIYSKAYA GAZETA on national idea in Russia.

The newspaper carries an article headlined "Ideas crystallize in people's minds, not set forth on paper", substantiating the need for a national idea in Russia.

KRASNAYA ZVEZDA on the funding of the Russian army.

"A good army cannot be a cheap one" is the headline under which the newspaper runs an article about the financial aspect of a reform of Russia's Armed Forces.

TRUD on lack of an alternative military service in Russia.

"The lack of an alternative military service in Russia is one of the main causes why the Armed Forces are undermanned," Anatoliy Pchelintsev, member of the State Duma Expert Council on the Freedom of Conscience, has pointed out in the newspaper.

IZVESTIYA on some Cossack Union leaders.

The newspaper writes about some leaders of the Union of Cossack organisations, who for many years contravened laws under the cover of forged identity cards of high-ranking officers of Russia's special services.

ROSSIYSKAYA GAZETA on the financial status of Inkombank.

The newspaper runs data on the financial status of Inkombank, using exclusive information which sheds light on the state of affairs in the bank.

IZVESTIYA on an expected increase in electricity pay rates.

The newspaper reports that a Government resolution has been prepared and is soon to be adopted to raise payment for electric power used for domestic needs from October. According to estimates, the use of electricity will be more expensive for people than enterprises. It has been suggested that the tariff be set at 200 roubles per kilowatt/hour.

ROSSIYSKIYE VESTI on G-8 measures against terrorism.

The G-8 has worked out 25 measures against terrorism, the newspaper writes in comment on the results of the international anti-terrorism conference at Foreign ministers' and security chiefs' level.

TRUD on the homeless in Russia.

According to statistics given in the newspaper, 85 per cent of people without fixed place of residence had convictions in the past. Up to 60 per cent of the alumni of children's homes are reckoned among vagabonds and about 10 per cent of them commit suicide. In Moscow alone, there are now 50,000 neglected children and teenagers.

CIS: CIS Foreign Ministry Representatives Meet in Yerevan

NC3007215296 Yerevan Armenia's Radio First Program Network in Armenian 1950 GMT 30 Jul 96

[FBIS Translated Text] An one-day consultative meeting took place in Yerevan today between the Foreign Ministries of the CIS countries at the expert level.

The Armenian delegation was headed by Deputy Foreign Minister Eduard Zuloian. Representatives of the nine CIS countries took part in the meeting. (?Abdurrashid Bagirov), deputy executive secretary of the CIS; and Spartak Voskanian, Armenian charge d'affaires ad interim in Belarus and permanent representative at the CIS structures; and others attended the meeting.

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The main theme of the meeting was the activities of the OSCE in the economic sphere and the problems of formulating economic security as part of the general and comprehensive security model for Europe in the 21st century.

Chairman of the meeting Eduard Zuloian said in his address to the conferees that four economic conferences have been held within the OSCE framework in recent years. The last one held in Prague in 1996 analyzed the economic decisions adopted by OSCE earlier.

A protocol on the results of the consultative meeting between the Foreign Ministries within the CIS framework was signed at the end of the meeting.

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Russia: Primakov Interviewed on NATO Expansion, Chechen 'Terrorism'

LD0108093296 Moscow ITAR-TASS World Service in Russian 0845 GMT 1 Aug 96

[By ITAR-TASS correspondent Igor Shchegolov]

[FBIS Translated Text] Paris, 1 Aug — Russia is still categorically opposed to NATO's expansion eastward, Russian Foreign Minister Yevgeniy Primakov said in an interview for the Paris newspaper FIGARO, which was published today. One cannot agree to a new military infrastructure on Russia's borders, he stressed. "Can you assure me that NATO's expansion will not lead to the creation of a military infrastructure?" the minister said, adding: "If you say 'yes', I would also give you a positive reply." However, so far, he said, NATO is not saying anything at all.

The head of the Russian Foreign Ministry is sorry that some Western countries "are closing their eyes" to the Chechen terrorism which exists in Russia. "One is amazed to see that all the Western countries agree that ETA [Basque Fatherland and Liberty] should be regarded as a terrorist organization; they also agree that the actions of the IRA should be called acts of terrorism; but when it comes to the question of mines in the Moscow metro, it is not terrorism but an echo of the Chechen conflict," Ye. Primakov said.

The minister believes there can be no military solution to the Chechen conflict, but he urges that "two things should not be confused: a peaceful settlement (in Chechnya) and terrorism." According to him, federal troops renewed their operations in Chechnya because of the acts of terrorism. "But the talks are continuing because everyone believes them to be necessary," he noted.

Russia: Primakov on Terrorism, Mideast Peace Process Prospects

MM3107114496 London AL-HAYAH in Arabic 31 Jul 96 pp 1, 6

[Interview with Russian Foreign Minister Yevgeniy Primakov by Randah Taqiyy-al-Din in Paris "yesterday," 30 July]

[FBIS Translated Text] [Taqiyy-al-Din] President Clinton has demanded that measures and sanctions be imposed on certain states which he accuses of terrorism, among them Iran, Iraq, Libya, and Sudan. Do you agree with such sanctions, and will the conference impose sanctions against these states?

[Primakov] I would like first to say that we are completely against terrorism. In the past we have drawn a distinction with some actions carried out in the name of national liberation, but there is no justification for terrorist operations targeting civilians. There is no ideological justification for bombing operations in which hundreds of civilians are killed. At the same time, however, we object to a number of states being accused of terrorism, because if we want to accuse these states, we should have the evidence. Often we find out that the accusations leveled at a certain state are not based on conclusive evidence. The accusations are often based on speculation. And often the accusations leveled at some states are of a certain political nature or orientation.

[Taqiyy-al-Din] In this context do you believe that Iran's behavior at the world and regional levels is acceptable and has nothing to do with accusations of terrorism?

[Primakov] I refuse to provide any assessment of that issue. I do not want to get involved in the disputes among the various states in the region.

[Taqiyy-al-Din] The prevalent impression since Israeli Prime Minister Binyamin Netanyahu assumed his duties has been that the peace process in the Middle East is frozen. Do you see any possibility of it being reactivated, especially on the Syrian-Israeli and Lebanese-Israeli tracks?

[Primakov] I am not pessimistic about that issue. I believe that Netanyahu's talks in Cairo represented progress compared with what he had said in Washington. True, he did not utter a word about the "land-for-peace" phrase, but he spoke about the Madrid process, which centers on this formula. I am not of the view that the right wing's assumption of power in Israel represents an obstacle to a peaceful solution. Besides, the right wing in Israel does not fear criticisms from within as regards apparently radical measures that toward a peaceful solution. This happened in the days of President al-Sadat when he signed the Camp David accords and the Israeli interlocutor was Menahem Begin, who was neither from the left nor a moderate. I would like to add something else: The Arab reaction has been encouraging. All the enemies of the peace process had hoped that the Cairo summit would adopt a strongly worded resolution hostile toward Israel. But actually wisdom triumphed at the Cairo summit. More importantly, the Arabs stressed their desire to continue the peace process.

[Taqiyy-al-Din] France and the United States have received indications from Israel to the effect that Netanyahu wants to negotiate with Syria over withdrawing from southern Lebanon first. Do you expect that to happen?

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[Primakov] It is unreasonable for that to happen, since the Syrian and Lebanese tracks are linked, and it is not possible that there will be any attempt to separate them.

[Taqiyy-al-Din] Netanyahu is refusing to return the Golan to Syria. So how can the deadlock in the peace process be broken if he continues to maintain this position?

[Primakov] I am convinced that Netanyahu will sooner or later be forced to return to the Peres Government's position, that is, the land-for-peace principle.

Russia: Kovalev Addresses Antiterrorism Summit

MM0108104096 Moscow IZVESTIYA in Russian 1 Aug 96 p 3

[Report by Yuriy Kovalev: "If Terrorist Does Not Surrender He Will Be Destroyed"]

[FBIS Translated Text] Paris — Moscow will start to receive reports on Russians who have undergone instruction in gunmen's training camps abroad and counts on having timely access to banking information about persons and organizations with foreign accounts and involved both in acts of terrorism and in the laundering of dirty money.

Those are for Russia the specific results of the "G-8" conference on the fight against terrorism which has been held behind closed doors in the French capital with the participation of the foreign ministers and heads of departments responsible for security.

Speaking in Paris, FSB [Federal Security Service] Director Nikolay Kovalev stressed that what is perturbing is that the attempted act of terrorism at the railroad station in Voronezh in terms of the way the explosive device was made is very similar to the way in which explosives are taught at the Peshawar school in Pakistan. However that may be it is acts of terrorism in Russia which are now the main headache for the new FSB chief.

The Paris meeting made public a plan of 25 steps aimed at preventing terrorism on both the national and the international level. In particular the plan includes the development of a program for monitoring the production and trade in weapons and explosives and the intensification of supervision over the issue of visas and various documents.

It has been decided to strengthen the international legislative documents which will make it possible to counter criminal organizations more effectively. The "G-8" states will particularly target sources of possible financing for the activity of terrorist groupings.

At Russia's initiative special attention will be paid to scientific and technical cooperation including the creation of a single system of identification for explosives, the use of robot equipment, gas analyzers, and other innovations. An international working group is being created to step up security on public transport.

The "G-8's" 25 antiterrorist measures were greeted with some skepticism by observers, who expected more resolute steps. But the main and it must be supposed most effective steps which it is planned to use for the struggle against terrorism, it was explained to me by one participant in the conference, are being kept strictly secret, in contrast to those revealed "for the public."

In the opinion of some specialists the Paris conference left aside the important problem of the sources of terrorism. Its breeding ground is poverty and economic backwardness, Arnaud de Borchgrave, an eminent expert and special adviser to the Washington center for strategic and international studies., stressed. To eliminate terrorism in the Near East, this expert believes, we must create 50 million jobs there by the year 2015.

And since that is impossible, A. de Borchgrave continues, we must struggle against this scourge by other means. First, through well organized surveillance and second if necessary through physical retaliation.

Russia: FSB Chief Hopes For Equal Relations With G-7 Services

LD3107121596 Moscow ITAR-TASS in English 1131 GMT 31 Jul 96

[By Igor Shegolev]

[FBIS Transcribed Text] PARIS, July 31 (Itar-Tass) — Director of the Russian Federal Security Service (FSB) Nikolay Kovalyov, who took part in a one-day G-7 conference on terrorism on Tuesday, in his interview with Itar-Tass on Wednesday hailed the role the Russian diplomats played at the forum, saying that they prepared a springboard which would give the FSB an oportunity to build equal relations with secret services of the G-7 countries.

He also said that Russia's proposals in research and development aspects of combatting terrorism were positively assessed by the rest of the participants in the forum.

Moreover, the Russian programme was adopted as a basis for working out a corresponding paragraph of the final document, the FSB cheif said.

If a broad agreement on building an international front to fight terrorism is translated into life, it will be easier

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for Russia's law enforcement bodies to detect explosives and resolve other anti-terrorist tasks, Kovalyov said.

He also said he hoped that the international fight against the smuggling of valuable pieces of art will become more effective. Kovalyov discussed this issue among others during consultations with his colleagues participating in the Paris conference.

Russia's Foreign Minister Yevgeniy Primakov, for his part, held bilateral meetings with his counterparts from France, Germany and Great Britain. The talks focused, in particular, on the issues of European secutity, Bosnian settlement and bilateral relations.

Russia: Primakov Starts Talks With Ukrainian Foreign Minister

LD0108092196 Moscow INTERFAX in English 0855 GMT 1 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 1 (Interfax) — Talks began in Moscow today between Russian Foreign Minister Yevgeniy Primakov and his Ukrainian counterpart Gennadiy Udovenko, who had arrived on a two day working visit yesterday.

Opening the talks by saying that Russia attaches "special significance to relations with Ukraine, expecting much," from the discussions with the Ukrainian minister, Primakov voiced hope that Udovenko's visit will considerably advance Russian-Ukrainian ties.

Regretting that the presidential ballot in Russia and the adoption of a new constitution in Ukraine have slowed down the bilateral negotiating process, Udovenko voiced hope that his meetings in Moscow will "give a fresh impetus to the Ukrainian-Russian dialogue on various issues."

According to a source close to the Ukrainian minister, Russian Prime Minister Viktor Chernomyrdin is to receive Udovenko Friday morning.

The Ukrainian minister is also scheduled to meet with the Russian Security Council Secretary Aleksandr Lebed, assisting the Russian president on national security, and with the presidential adviser on international issues Dmitriy Ryurikov.

The source specifically noted that Udovenko had arrived in Moscow to revitalize the talks with Russia and thereby pave the way for a summit and for the early signing of a comprehensive Russian-Ukrainian political accord.

The final news conference of the Russian and Ukrainian foreign ministers is due at noon tomorrow.

For details see the August 1st edition of Interfax's Diplomatic Panorama.

Russia: Rodionov Calls For Greater Military Cooperation With China

LD0108090796 Moscow ITAR-TASS in English 0902 GMT 1 Aug 96

[By Andrey Kirillov]

[FBIS Transcribed Text] MOSCOW, August 1 (Itar-Tass) — Russian Defense Minister Igor Rodionov has called for expansion of military cooperation with China.

"The military and military-technical relations between Russia and China exist, and they will be developing further," Rodionov told Itar-Tass on Wednesday at the reception at the Chinese Embassy in Moscow.

The reception was on the occasion of the 69th anniversary of the Chinese army, celebrated on August 1.

Rodionov said the military cooperation with China may take on a new dimension, without elaborating.

Russia has already exported to China modern military hardware, including some 50 Su-27 fighters.

Beijing sees as a priority re-equipping the army with state-of-art weapons.

Chinese Defense Minister Chi Haotian has called on the military to improve the army's combat ability, especially in the high-technology field, an Itar-Tass correspondent reported from Beijing.

The minister said in his address to the celebratory meeting in Beijing on Wednesday that China needs to create powerful armed forces relying on progress in science and technology.

Russia: Zhirinovskiy Criticizes Clinton Over 'CIA Plot'

LD3107211196 Moscow NTV in Russian 1500 GMT 31 Jul 96

[From the "Segodnya" news program]

[FBIS Translated Text] At Vladimir Zhirinovskiy's news conference today — it was rather dramatically entitled, The hot summer of 1996 — correspondents learned that the CIA plot against Belarusian President Alyaksandr Lukashenka, made public by Duma Security Committee Chairman Viktor Ilyukhin, does exist. As for how it is going to be implemented, according to the Liberal Democratic Party of Russia [LDPR] leader, he described that a long time ago in his book, "The Last Battle of Russia". So, Viktor Ilyukhin was not the first to discover and expose the intrigues of the leaders of Western great powers.

[Begin Zhirinovskiy recording] A new politburo, a new politburo in the West, now decides who and

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where should be president. You see, Lukashenka is not the right secretary of the Communist Party regional committee for the West. They need a different regional party committee secretary. [end recording]

Anyway, in the opinion of the LDPR leader, the plot by the Western great powers will only speed up the unification of Russia and Belarus.

As for the U.S. President, the LDPR leader recommended that he should deal with his internal problems.

[Begin Zhirinovskiy recording] There is shooting everywhere in his country, aircraft are crashing, Negroes are making a lot of noise and organizing marches on Washington. He had better stay away from Belarusian affairs. He had better stay away. [end recording]

The LDPR leader cautioned Bill Clinton.

[Begin Zhirinovskiy recording] The planet is not a chess board and Clinton is not a king. Clinton is a pawn in this world. Today he is President, but in November there may be a new one. Or the fate of John Kennedy — he had better remember the fate of John Kennedy. [end recording]

Speaking about his meeting with Prime Minister Viktor Chernomyrdin, Zhirinovskiy said that the composition of the Cabinet of Ministers was not discussed. Perhaps that is why the prime minister offered no posts to the Liberal Democrats. However, Zhirinovskiy said that representatives of the Duma faction are not seeking to join the government.

Speaking about the LDPR's tactic at the regional elections in the fall, Zhirinovskiy said:

[Begin Zhirinovskiy recording] To make use of contradictions between the Communists and the democrats. Where the positions of the others are weak, we will try to finish off the weak. As for the strong, we will support them under certain circumstances and weaken them afterward. [end recording]

In the opinion of the LDPR leader, however, the elections should be suspended until the summer of 1997, since people are tired of nonstop elections and the state treasury is empty.

Russia: Ilyukhin Claims Plausible, But Unverifiable

MM3107132196 Moscow ROSSIYSKIYE VESTI in Russian 31 Jul 96 p 2

[Article by Feliks Babitskiy: "Ilyukhin's Illusions Breed Collisions"]

[FBIS Translated Text] The sensational press conference at which Ilyukhin, head of the Duma Security Committee, accused the U.S. special services of preparing a coup d'etat in Belarus has inflamed the political atmosphere in the capital to the maximum. I would venture to suppose that if Viktor Ivanovich had been able on this occasion to manage without tiresome cliches such as the "worldwide conspiracy against the Slavs," the effect would have been even greater. But habit is second nature. Moreover, the deputy told the press the most sensational details such as the names of the American officers who are supposed to provoke street disturbances and kill a few opposition leaders so that President Lukashenka can be accused of terrorism.

How should we view all this?

Unfortunately, everything Viktor Ilyukhin said superficially looks plausible.

Thus it is no secret that Alyaksandr Lukashenka's position has become very shaky of late. The point is that Alyaksandr Hryhoryevich based his presidential election campaign on conflict and made unabashed promises to "settle accounts" with virtually all the country's then leadership. That is normal — most politicians choose those sort of tactics. But Mr. Lukashenka failed to notice the moment when the campaign ended and continued to behave like a "tough" oppositionist even when he was vested with supreme state power. Naturally, this consolidated virtually the whole of the Belarusian political elite against him. In such situations even the office of president is no protection from downfall.

The People's Front is an association not so much of nationalists as of marginals who regard themselves as no less worthy of state posts than their present incumbents. We in Russia are even more familiar with citizens of this type since democracy triumphed earlier in our country. In a stable political situation the Belarus People's Front would be doomed to slow extinction, but it is in its element in a crisis, and the overthrow of Lukashenka — albeit by legitimate methods — is its declared aim.

Objectively, the downfall of a pro-Moscow leader who is rather a strong character and the establishment in power of a shaky coalition of nationalists are indeed to the advantage of the United States. This also entirely fits in with the current strategy of NATO eastward expansion and of confining Russia within a new "cordon sanitaire." Furthermore, Washington is seeking as far as possible to limit the influence not only of Moscow, but also of other potential centers of geopolitical influence. It is no secret that nowadays Belarus is a kind of bridge forming an economic link between two major European powers — Russia and Germany. Lukashenka as a statesman gambled precisely on this. In this connection you may recall Chile, Zaire, Guatemala, and so forth, where leaders paid with their lives for less. You may

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also recall that no state of the world has as much experience of organizing coups as the United States.

Furthermore, there is no doubt that by virtue of his post Viktor Ilyukhin could well have valuable top-secret information from the horse's mouth, so to speak. There is infighting inside every organ of executive power. It is not a question here of a conflict between democrat functionaries and "covert Communists" — that also happens, but usually as an exception — it is just that any boss will always have a deputy who would not be averse to taking his place as swiftly as possible. This is why such deputies readily meet with the leadership of parliamentary committees capable of publicizing the information secretly passed on to them. Army officers carry "suitcases" to the office of [Duma Defense Committee Chairman] Lev Rokhlin, and "competent comrades" go to Ilyukhin, who had extremely close links with their departments even back in the Supreme Soviet.

I would remind you that Viktor Ivanovich makes sensational revelations about all kinds of affairs and conspiracies on average once every three months. Incidentally, this is his own policy. In his post he has acquired such influence that it is now difficult to say with confidence whether he represents the opposition or Russia's ruling elite. At any rate, Zyuganov behaves rather ingratiatingly with him and seeks to stress at every turn that each successive sensation was made public by a representative of his party, although the latter prefers to speak as head of the committee.

So we can sum up: Logically, everything Viktor Ilyukhin said about the conspiracy against Lukashenka can be believed. But this does not mean that he actually spoke the truth. It is practically impossible to verify his claims. Ilyukhin's informants will not appear as witnesses in court. The Americans will not go to court. They behaved absolutely correctly in totally ignoring this incident as trivial and allowing the honor and dignity of their state to be defended by those of our parliamentarians who were straining at the leash to do so. In any case Ilyukhin's forecast will now scarcely come true, which is apparently what the speech was designed to achieve. So the sensation will burst like a soapbubble before the public grows tired of it and before it ceases to be a sensation.

There is just one thing I do not understand in purely human terms: How Viktor Ivanovich, who has repeatedly accused President Yeltsin of usurping power, is so zealously defending the president of another country while ostentatiously ignoring his own parliament?

Russia: Heritage Foundation Activities, Ideology Questioned

MM3107152596 Moscow PRAVDA PYAT in Russian 31 Jul 96 p 2

[Article by Ivan Boltovskiy under the "Echo of A Political Sensation" rubric: "The Heritage That the United States Is Not About To Abandon"]

[FBIS Translated Text] The sensational statement made by V. Ilyukhin, chairman of the State Duma Security Committee, about an operation being planned by the CIA to remove Belarusian President A. Lukashenka was presented by many Russian central newspapers and by Russian television as a relapse into spy mania. The presenter of "Itogi" even went as far as expressing doubts whether the Communist denouncer of the CIA was entirely in his right mind.

Possibly the Duma deputy's claim would have sounded more convincing if his critics had not forgotten to mention the Heritage Foundation, the Moscow branch of which, according to V. Ilyukhin, is directly associated with the United States' imperialist policy toward Russia and the other former USSR states. V. Ilyukhin expressed concern that the foundation's staffers are disseminating extremely alarming statements that run approximately as follows: The United States has the right to use its Armed Forces wherever America has economic interests, and this does not require the agreement of other states or international organizations, including the United Nations.

The Security Committee chairman's alarm is understandable. It is no secret that U.S. companies have already penetrated the Russian economy fairly deeply. And the fact that the U.S. Armed Forces are meant to promote that country's economic expansion is stated unequivocally in the "U.S. National Security Strategy" confirmed by Congress (see PRAVDA-5, No. 26, 1996).

Some politicians have described the Heritage Foundation as a highly "respectable" organization that does not engage in politics. This is how it was possible to understand Belarusian Supreme Soviet Speaker S. Sharetskiy's retort to V. Ilyukhin's statement. The editorial office has in its possession materials that cast doubt on this assessment.

The Heritage Foundation was set up in 1973 on the initiative of major U.S. bankers and influential U.S. politicians. One of its main tasks was to elaborate foreign policy strategy for U.S. Presidents. Of considerable interest is the report "Mandate for Leadership 3," prepared on G. Bush's request in 1988. Basically, this is a ramified plan of large-scale subversive actions aimed at destroying the socialist system and "decolonizing the

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Soviet national republics within the Soviet empire," as the document puts it. Today, looking back at the past, it is not hard to see that this scenario of destabilizing the state system in the countries of Central and East Europe, and also in the USSR, squares almost exactly with the trends of the following years.

The report placed special emphasis on the need to render secret financial aid to free trade unions formed on the model of Poland's "Solidarity" and to dissident and nationalist intelligentsia movements. The illegal infiltration of subversive literature, printing and photocopying equipment, radio equipment, and videotapes was also envisaged. "This plan should make use of all suitable means at the United States' disposal to encourage the free flow of information to nationalist elements and for effective communication between them," the foundation's planners wrote. "The main aim should be to stimulate decentralization and to consolidate national self-consciousness."

In fact, it was by no means a question of promoting "national self-consciousness," but of consolidating the United States' positions. "The United States needs to step up its efforts to establish contacts with the leaders of various illegal and legal opposition movements and to encourage protest actions" — surely this is tantamount to asserting Washington's claims to the role of the leading and guiding force?

A knowledge of the U.S. foundation's report forces one to seriously consider how correct is the information made public by V. Ilyukhin. Nationalism, outbreaks of which have recently become more frequent in Belarus, is not such a harmless phenomenon that one can calmly close one's eyes to it. And Belarusian parliamentarians, before rushing to bow and scrape before the "spiritual shepherds" from the United States, should, in our view, look more closely at what lies behind the sheep's clothing of the Heritage Foundation. The history of the bloody interethnic strife that has afflicted several former USSR republics is sufficiently instructive for them not to repeat the mistakes of others.

Russia: U.S. Easing of FSU Arms Sales Curbs Hurts Russian Interests

MM3107132996 Moscow PRAVDA PYAT in Russian 31 Jul 96 p 3

[Article by Ivan Boltovskiy: "NATO: Through the Back Door"]

[FBIS Translated Text] A few days ago the U.S. State Department removed Georgia, Kazakhstan, Kyrgyzstan, Uzbekistan, Turkmenistan, and Moldova from the list of countries to which restrictions on trading in weapons and military materiel extends. Ukraine is also expected to be freed from this ban soon. Russia has already been granted this honor.

Washington's noble measures pursue both economic and political objectives. The political ones were spelled out by D. Simes, director of the Nixon Center for Peace and Freedom. A list of demands of Russian foreign policy articulated by him in an article published in a Paris newspaper includes the following: completely abandoning opposition to NATO expansion and placing arms trading under U.S. control. This article appeared on the eve of U.S. Vice President A. Gore's visit to Moscow, which some analysts assessed as a parting word of instruction as to what questions he should address in the Kremlin. It has to be assumed that Gore performed the task.

The Russian defense industry has survived in recent years mainly as a result of arms exports, including to CIS countries. All the indications are that this market will now be conceded to the United States. While boosting the order books of its industrial corporations, the United States will simultaneously bind the former republics of the USSR more tightly to NATO. Their military dependence on the United States will simply leave them no choice but to join the Western community.

Incidentally, Russia will also find itself in the same position soon. Last year our arms production was down 34.5 percent on 1994 and the state order in aircraft building was 20-30 percent of the 1991 level. In the view of military experts, within three-four years we will be forced to buy ammunition abroad. And within eight years we will have to order tanks, aircraft, and weapons on the world market. So the Simes directive is being successfully implemented.

Russia: Russian Interests Unhurt by U.S. Bill on Libya, Iran Trade

MM3107112296 Moscow ROSSIYSKAYA GAZETA in Russian 31 Jul 96 p 7

["Topical Commentary" by Aleksandr Krasulin: "Again Washington Teaches Everyone How To Live"]

[FBIS Translated Excerpt] Passions had not yet died down following the U.S. attempt to impose sanctions on countries which have economic interests in Cuba, when Washington produced a new surprise. This time the U.S. House of Representatives has approved economic sanctions against foreign firms which cooperate with Iran and Libya in the sphere of oil and gas extraction. [passage omitted]

There was an almost instant reaction to the bill. It has been condemned by Canada, and the European Union has resolute objections to it. Russia has also criticized it.

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According to Vladimir Andreyev, official spokesman for the Russian Federation Ministry of Foreign Affairs, the bill constitutes "one more attempt to lend an extraterritorial nature to U.S. legislation." It runs counter to international law and the established civilized norms of interstate relations. This destabilizes international trade and economic exchanges and undermines trust between states. The Russian side has repeatedly expressed its negative attitude to such a tactic on the part of the U.S. authorities in connection with the anti-Cuban Helms-Burton law.

It is a question here, in our view, not only and not so much of the struggle against terrorism. You get the impression that, following the collapse of the Soviet bloc, Washington has become convinced of its world leadership and believes that it has the right to impose norms of behavior on other states. "When adopting foreign policy decisions, the United States proceeds from domestic policy needs" — this is the conclusion drawn by the newspaper STUTTGARTER ZEITUNG, commenting on the new bill. "The Americans clearly prefer to use a double standard here."

Will the bill approved by the U.S. Congress affect Russia's interests? ROSSIYSKAYA GAZETA's correspondent put this question to Askold Dralo, deputy director of the department for economic cooperation with countries in Asia, the Pacific region, Africa, and Latin America of the Ministry of Foreign Economic Relations. "I cannot see at present that Russian interests have been affected. If anyone suffers as a result of the U.S. action, it will most likely be European countries," the specialist believes.

Russia: Promising Areas for Increasing Arms Exports Viewed

MM0108085996 Moscow Russian Television Network in Russian 1020 GMT 30 Jul 96

[From the "Business Russia" program: Video report by Vladimir Khomyakov, identified by caption; figures in brackets denote broadcast time in GMT in hours, minutes, and seconds]

[FBIS Translated Text] [103446] [Khomyakov to camera over photomontage of past arms shows] All the past arms shows in which Russia has taken part testify that Russian arms are more than competitive. However, it is not enough to produce the best arms in the world, you also need to know how to sell them, especially since the world arms markets have been shared out long ago, and any available means is used to exclude new competitors from them.

Here are just a few of the means used. In May of this year the Indian newspaper INDIAN EXPRESS, without naming names or citing any evidence, accused the Rosvooruzheniye Company of financial machinations. In Latin America — another promising area for Russian arms sales — articles have regularly been published in recent years about the catastrophic situation in the Russian military-industrial complex, which allegedly means it cannot ensure post-sale servicing and spare parts.

Last year, because of articles published in the Russian press about the alleged insolvency of Rosvooruzheniye, three contracts totaling $145 million were postponed. And contracts worth a total of 2.5 billion were called into question.

[Aleksandr Kotelkin, Rosvooruzheniye State Company general director, identified by caption] What distinguishes us from Western partners is that the new Russia does not regard its weapons as an instrument for exerting political pressure on the disposition of forces in given regions.

[Khomyakov] India and China, where up to 50 percent of Russian military hardware is sold, remain the main promising areas as regards Russian arms exports. And, of course, the countries of the Near and the Far East — the United Arab Emirates, Kuwait, Syria, Egypt, and others. In Southeast Asia, in addition to our traditional partner, Vietnam, Malaysia, Indonesia, and the Philippines are showing interest in our weapons. The recent purchase by Malaysia of 18 Russian MiG-29 fighters, despite all the pressure that was applied, was seen by everyone as a serious bid by Russia for long-term cooperation in this promising area, whose share of the world arms imports has increased from 26 to 46 percent over the past 10 years. Another promising area is Latin America, where, in addition to Cuba, Brazil, Argentina, and Chile are rated as potential clients.

And finally there is Europe. Despite their ostentatious desire to join NATO, our former Warsaw Treaty comrades in arms will clearly cooperate with Russia for many years to come in modernizing their arsenals. Cooperation with Western countries is also taking shape. During the recent Euro-Satory-96 arms show, the Russian Splav and the French Celerg companies announced that plans have been completed for the joint production of a new rocket for the BN-21 Grad multiple launcher system which will considerably enhance its combat potential.

To date Russia has concluded contracts worth a total of more than $7 billion for arms sales to India, China, Malaysia, Algeria, Cyprus, the countries of the Near East, and Latin America.

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[Kotelkin] We never sell our arms below their cost to our armed forces. Even if prices are lower, they correspond to what these weapons cost to produce. If this cost is lower, it merely indicates that we are more efficient in this area, although this makes our Western competitors unhappy. [103737]

Russia: Duma Stance on Output-Sharing Bill Hits Oil, Gas Sector

MM3107140896 Moscow IZVESTIYA in Russian 31 Jul 96 p 3

[Report by Vladimir Skosyrev: "Great Causes Await Shafranik"]

[FBIS Translated Text] London — Having taken part in the Russian-U.S. forum on oil and gas in London, Yuriy Shafranik returned home before his colleagues. The reason for his sudden departure is obvious: The strikes in Maritime Kray. Despite this, the caretaker fuel and energy minister was extremely optimistic both about the future of our oil and gas complex and about his own future.

"If you want to know whether I am going to remain in my post, ask the prime minister or the president," Yuriy Shafranik said to your IZVESTIYA correspondent. It was clear from what he said, however, that the top statesmen are satisfied with his performance. After all, the fuel and energy complex gives the treasury more than 60 percent of its tax revenue. Moreover, the ministry's efforts have been instrumental in the drafting of legislation on output sharing, thanks to which foreign investments in the oil and gas industry (and in sites on Sakhalin in particular) could, in theory, reach $27 billion.

However, implementation of these projects is being hampered by our taxation system and imperfect legislation. The Russian-U.S. forum in London, at which the United States was represented by Under Secretary of Energy Charles Curtis, members of Congress, and captains of private business, drew up recommendations on how to remove these obstacles so that U.S. capital can play a broader role in the development of Russia's fuel and energy complex.

It transpires that we are still very far from selling off our national wealth: Joint ventures are responsible for only 4 percent of oil extracted. Nevertheless, according to Aleksandr Shokhin, representing the State Duma at the forum, Communist deputies have blocked the draft law on output-sharing and other accompanying legislation by complying with the Leninist directive that no more than 60 sites may be granted to foreigners.

However, complaints were made against the West as well as against the Russian side. The IMF, for example, demanded that Russia abolish oil export duties as a condition for the granting of credit. But, as Shokhin pointed out, the resulting budget losses exceed the credit itself. Is it not time to review this condition? The first vice speaker of the Duma also said that parliament will approve legislation on output sharing by the new year.

The members of the U.S. delegation did not express any emotion in public when they heard the IMF criticized. At the end of a news conference, however, the delegation's financial adviser privately voiced doubts that the IMF would review its position. On the other hand, the adviser said he was sure that the delay in giving Russia another IMF loan was just a technical hitch. Payments would soon resume.

In conclusion, it is natural to ask why the Russian-U.S. forum was held in London. The organizers decided to hold the meeting here in the hope of attracting the attention of corporations based in the City [London's financial, commercial, and business quarter].

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Political Issues

Russia: Yeltsin Approves Security Council Composition

LD0108080996 Moscow ITAR-TASS World Service in Russian 0746 GMT 1 Aug 96

[FBIS Translated Text] Moscow, 1 Aug ITAR-TASS — In a decree dated 31 July, the text of which was received by ITAR-TASS today, Russian President Boris Yeltsin has approved the following composition of the Security Council of the Russian Federation:

Boris Yeltsin, president of the Russian Federation, chairman of the Security Council of the Russian Federation.

Permanent members of the Security Council of the Russian Federation:

Viktor Chernomyrdin, chairman of the government of the Russian Federation;

Aleksandr Lebed, secretary of the Security Council of the Russian Federation, aide to the Russian president on national security;

Nikolay Kovalev, director of the Russian Federal Security Service;

Yevgeniy Primakov, foreign minister of the Russian Federation;

Igor Rodionov, defense minister of the Russian Federation.

Members of the Security Council of the Russian Federation:

Valentin Kovalev, justice minister of the Russian Federation;

Yuriy Krapivin, head of the Federal Security Guard Service of the Russian Federation;

Anatoliy Kulikov, minister of internal affairs of the Russian Federation;

Viktor Mikhaylov, minister of atomic energy of the Russian Federation;

Andrey Nikolayev, director of the Russian Federal Border Guard Service;

Zinoviy Pak, minister of the defense industry of the Russian Federation;

Vladimir Panskov, finance minister of the Russian Federation;

Vyacheslav Trubnikov, director of the Russian Foreign Intelligence Service;

Sergey Shoygu, minister of civil defense, emergencies and natural disasters of the Russian Federation.

Russia: Chubays Briefs Journalists on Meeting With Yeltsin

LD3107150096 Moscow Russian Public Television First Channel Network in Russian 1400 GMT 31 Jul 96

[From the "Novosti" news cast with announcer Yekaterina Andreyeva]

[FBIS Translated Text] The head of the presidential administration, Anatoliy Chubays, has briefed journalists about his meeting with the president.

[Begin recording] [Chubays] I briefed the president in some detail on a whole range of issues connected with the forthcoming local elections. Boris Nikolayevich's stand on this is that the federal authorities should by no means stay away from these elections. Moreover, Boris Nikolayevich stressed that he would himself follow and coordinate the process every inch of the way.

[Correspondent Igor Demin over video report showing Chubays news conference] Anatoliy Chubays said that special headquarters are to be set up to campaign in the local elections. Working there will be representatives from all the branches of power and from public organizations that enjoy some degree of influence in the regions.

[Chubays] We simple must ensure a united stand on which candidate we support in every region of Russia. What we must not allow to happen is what happened so often in the past, more often than not leading to a sorrowful result — when one top official supported one candidate, another supported someone else, and yet another supported someone completely different. As a result, the entire process was completely bungled from the beginning to the end. This will not happen.

[Demin] Anatoliy Chubays emphasized that personnel issues would from now on be a priority for the presidential administration. And yet, even though the head of the presidential administration said that keeping the public well informed about the actions of the authorities was also a priority, he nonetheless declined to name even the candidates for the vacant state posts.

[Chubays] I shall not conceal the fact that I do have my own preferences. But I shall conceal the preferences themselves. Even more so because you will soon learn everything. [end recording]

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Russia: INTERFAX Sums Up Yeltsin-Chubays Meeting 31 Jul

LD3107184596 Moscow INTERFAX in English 1652 GMT 31 Jul 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] [no dateline as received] President Boris Yeltsin and Kremlin Chief of Staff Anatoliy Chubays met at a government retreat outside Moscow on Wednesday [31 July] to discuss changes in the administration staff and forthcoming elections of regional governors.

The question of the administration's coordinating role in the coming poll was high on the agenda, Yeltsin's press office told Interfax.

Yeltsin spoke of attaching great importance to the coming election saying he would follow it closely.

One other point dominating the agenda was the procedure of drafting presidential decrees. Yeltsin demanded an improvement in the quality of proposed decrees, but ways of approving them must be simplified.

Speaking afterwards, Chubays said a special headquarters would be set up to coordinate Kremlin efforts in support of candidates for regional governorship.

He said the new body would incorporate Kremlin and government officials and representatives of the Federation Council, upper house, and the Security Council. The chief of staff said preliminary agreement on this was reached with Council Secretary Aleksandr Lebed. He said the leaders of political parties carrying a real clout on the ground would be also involved.

Chubays said that a decision had now been taken to transform the national movement in Yeltsin's support into a new body to coordinate regional elections. He said Yeltsin did not want the center to stay away from elections and was planning to coordinate it himself.

Chubays said the federal authorities must be unanimous on each candidate for regional governorship warning against any dissent on the issue.

Chubays said the analytical group he led during Yeltsin's campaign would be turned into a new body hoping that all of its members who proved their ability to work effectively on a high political level would stay put. He pointed in particular to Aleksandr Oslon whom he described as a first rate sociologist and Yeltsin's daughter Tatyana Dyachenko who played a coordinating role in the president's campaign.

Chubays spoke of feeling great trust by the president on proposals for administration reform and new appointments, some of them unexpected. He said he was instructed to draw up presidential decrees on these proposals and submit them for presidential endorsement in the next few days.

Chubays stressed that the Kremlin would not duplicate economic decisions by the central government saying the administration had no plans of establishing a mini economics ministry of its own. He called for draft economic decrees to stay on a level set by presidential economic aide Aleksandr Livshits.

On possible candidates for the post of first deputy prime minister for economics, the chief of staff named Uneximbank President Vladimir Potanin, presidential aide Livshits, first deputy parliament speaker Aleksandr Shokhin and leader of the Yabloko movement Grigoriy Yavlinskiy. He said all of them could really cope with the job.

Although he himself had preferences, Chubays did not elaborate.

He expressed satisfaction that unlike a few years ago, the list of professional candidates was much bigger now.

As Kremlin chief of staff, Chubays said he would focus on several directions, including the handpicking of candidates for government posts; liaison with the mass media on the substance of presidential decisions; and coordination with the judiciary on matters of financing this branch of government. Chubays said his main effort would be aimed at giving a renewed impetus to the development of Russia as a state.

The chief of staff who was put in charge of the inauguration commission on Tuesday disclosed some details of the ceremony due next Friday. He spoke of ordering to delete the performance of an ode to the president, though being greatly impressed by its text carried by Russian newspapers.

Chubays said the organizers of the event must strike a delicate balance between what could turn out to be undue pomp and ceremony amid the country's lackluster economic performance on the one hand and stage an event corresponding to the inauguration of a Russian president.

He said the organizers borrowed part of the coronation ceremony staged as Russian Tsars ascended to the throne, including Yeltsin's inauguration on the Kremlin's Sobornyy Square.

Chubays spoke of discussing the question of a full-time leave for the president after the inauguration ceremony. He said Yeltsin, who was in good form, promised to think over the chief of staff's proposal.

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Russia: Chubays Names Candidates for First Deputy Prime Minister

LD3107123196 Moscow INTERFAX in English 1220 GMT 31 Jul 96

[FBIS Transcribed Text] MOSCOW, July 31 (Interfax) — The head of the Russian presidential administration, Anatoliy Chubays, has named Uneximbank Chairman Vladimir Potanin, presidential economic adviser Aleksandr Livshits, First Deputy Duma Chairman Aleksandr Shokhin and Yabloko leader Grigoriy Yavlinskiy as possible candidates for the post of first deputy prime minister responsible for economics.

"All of them are actually able to work as first deputy prime ministers," he told a briefing in the Kremlin Wednesday.

Chubays admitted he had a preference among the above candidates, but declined to name him.

Chubays expressed satisfaction over the fact that today there are several professionals claiming this high government post, recalling that there was no such choice two years ago.

Russia: Security Council Issues Statement on Relations With Chubays

LD3107190596 Moscow ITAR-TASS in English 1850 GMT 31 Jul 96

[FBIS Transcribed Text] MOSCOW, July 31 (Itar-Tass) — The press service of the Russian Security Council transmitted the following statement to Itar-Tass on Wednesday:

"The newspaper Argumenty I Fakty has published a strange article titled 'Chubays Presses Lebed' which has prompted an ironic commentary of the secretary of the Security Council. Such versions, the meaning of which is that (chief of staff of the presidential administration Anatoliy) Chubays, using his position as first aide to the president, gives instructions to Lebed, thus putting pressure on him, have been expressed in other publications as well. (Security Council Secretary) Aleksandr Lebed has clarified the situation and noted that (Russian President) Boris Yeltsin had anticipated such a situation awhile ago by saying that 'Lebed is first of all the secretary of the Security Council and only then an aide to the president'. 'Such is the real state of affairs', the general added."

Russia: Shokhin: Yeltsin Cannot Nominate Premier Before 9 Aug

LD0108092496 Moscow INTERFAX in English 0850 GMT 1 Aug 96

[FBIS Transcribed Text] MOSCOW, August 1 (Interfax) — President Boris Yeltsin is not allowed to nominate a candidate to the post of prime minister to the Duma earlier than the inauguration ceremony on August 9th, first deputy speaker of the parliament's lower house Aleksandr Shokhin told Interfax today.

Earlier, Duma speaker Gennadiy Seleznev, taking a ten day Latin American tour at the head of a parliamentary delegation, revealed to Interfax that Yeltsin had promised him to name his favorite for the prime minister's office by August 1st.

Shokhin fully agreed with the Constitutional Court Chairman Vladimir Tumanov that if Yeltsin submits the candidacy of a new prime minister before the presidential inauguration ceremony and prior to the government's resignation, this will be an illegitimate act.

However, Shokhin did not rule out that Yeltsin could informally tell the Duma on what date he will submit his candidate. "If the president confirmed that he would do so after the inauguration ceremony on August 9th, Duma could meet in special session to consider the candidacy already on Saturday, August 10th," Shokhin said.

Russia: Zhirinovskiy Comments on New Government, Communism, Belarus

LD3107221896 Moscow Russian Public Television First Channel Network in Russian 1700 GMT 31 Jul 96

[Video report by Vlada Vishnevskaya; from the "Vremya" newscast]

[FBIS Translated Text] Vladimir Zhirinovskiy is doggedly attempting to awaken the noticeably flagging interest in himself. This interest today can be explained by the fact that correspondents tried to get Vladimir Volfovich [Zhirinovskiy] to provide information of some sort on the formation of the new government.

[Begin recording] [Vishnevskaya] Vladimir Zhirinovskiy was invited to government house to a meeting with Viktor Chernomyrdin: From what the Russian Liberal Democratic Party leader said, this was a scheduled event and the formation of the Cabinet of Ministers was not mentioned. Zhirinovskiy said, moreover, that his party does not expect anything, preferring to remain in opposition.

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[Zhirinovskiy] The desire to change course always demonstrates people's weakness and their greed. We do not need any sort of token hand-out.

[Vishnevskaya] The strength of Zhirinovskiy, changing course though he was not, still showed today in his full and unqualified support for Viktor Ilyukhin. Vladimir Volfovich also knows about the existence of the anti-Belarusian plan and the possibility of its being implemented. The correspondents who did not give due appraisal to Ilyukhin's revelation are to blame for this, and, once again, the Americans.

[Zhirinovskiy] The planet is not a chess board and Clinton is not a king. Clinton is a pawn in this world. Today he is President, but in November there may be a new one. Or the fate of John Kennedy — he had better remember the fate of John Kennedy.

[Vishnevskaya] The fight for the national independence of Belarus is apparently a rare incidence of common interest on the part of the Russian Liberal Democratic Party and the Communist Party. Vladimir Zhirinovskiy today again referred to left-wing ideology as the most terrible, and on the subject of communists, was perfectly categorical.

[Zhirinovskiy] As they die off, the Russian communists are setting up their last organization, this alliance of national-patriotic forces. They have matured this far and they needed a whole century to mature, to go from internationalism to nationalism. In order to remove the inter they put hundreds of millions in their graves. They have covered everything in blood in order to understand that the phrase inter is inappropriate.

[Vishnevskaya] The party leader sees his party's role in the image of a political brake on extremism, not forgetting, however, to mention that work of this sort has to be paid for.

[Zhirinovskiy] Brakes need lubrication. Without lubrication brake shoes will burn out and go to hell. They should provide payment for our applying the brakes. [end recording]

Russia: Zyuganov Addresses News Conference on 'Patriotic Union'

LD3107153496 Moscow Russian Public Television First Channel Network in Russian 1400 GMT 31 Jul 96

[Video report by correspondent Nikolay Ivanov; from the "Novosti" newscast]

[FBIS Translated Text] [Announcer Yekaterina Andreyeva] The plenum of the Communist Party of the Russian Federation scheduled for 6 August will advise the Communists' parliamentary faction on how to vote when the State Duma is asked to approve the nominee for the post of prime minister. This was said at a news conference in Moscow today by the Communist Party leader, Gennadiy Zyuganov. Our correspondent, Nikolay Ivanov, has more details about the news conference.

[Begin recording] [Ivanov] The desire of the Communist Party and other organizations of similar leanings to form a broad-based mass opposition movement is well known. Another attempt to unite, now in the wake of their candidate's defeat in the election, will be made on 7 August, when the constituent congress of a new people's patriotic union is to be held. Even though the organizers of the congress promise some structural changes in the union, the main news is a certain lowering of the role of the Communist Party in the association to be formed.

[Zyuganov] As for the Communist Party, it will be equal among equals in this movement. Speaking about the essence of our party, it has undergone a serious evolution and shifted towards the center.

[Ivanov] There is nothing particularly striking in the line-up of prospective congress participants. There is the Agrarian Party, which, as Mikhail Lapshin [party leader] put it, always lends its peasant's shoulder, and also the so-called patriotic organizations. Some individuals well known for their views, such as film director Govorukhin, playwright Rozov, and cosmonaut Savitskaya, also want to be among the founders of the union. Interestingly, the organizers intend to deal with the questions of party membership and unity of the union in the spirit of the unforgettable Leninist tenets.

[Nikolay Ryzhkov, former Soviet prime minister] They live in accordance with their own party rules, but if they become members of the movement, the people's patriotic union of Russia, then they also have to abide by the rules to be adopted at the congress.

[Ivanov] It is too early to say how viable the new organization will be. What is clear, though, is that with the political forces in it remaining the same, the essence of the movement will hardly be very different from that of the electoral bloc. [end recording] [video shows Zyuganov, Ryzhkov, Lapshin, several others facing journalists at the news conference]

Russia: Foreign Ministry's New Official Spokesman Assumes Duties

LD0108112296 Moscow INTERFAX in English 1036 GMT 1 Aug 96

[FBIS Transcribed Text] MOSCOW, August 1 (Interfax) — Gennadiy Tarasov, the newly-appointed di-

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rector of the Russian Foreign Ministry's information and press department, assumed his duties Thursday, informed sources in the Foreign Ministry told Interfax.

The same sources said that Tarasov will be officially introduced in his new capacity after all of the appointment-related formalities have been observed.

A diplomat said that Foreign Minster Yevgeniy Primakov has not yet issued a corresponding order. He expected to do so on Thursday.

Tarasov, who will mark his 49th birthday this year, is a career diplomat. Upon graduating from the Institute of Foreign Relations in 1970, he worked with the Foreign Ministry: in 1970-76 at the Soviet Embassy in Egypt and in 1982-86 at the Soviet U.N. mission in New York.

Until recently he was Russia's ambassador to Saudi Arabia. He speaks Arabic, English and French.

Grigory Karasin, his predecessor as the Foreign Ministry's official spokesman, was recently appointed to the post of deputy foreign minister.

Russia: Kremlin's Gubernatorial Election Strategy Described

MK3107113096 Moscow NEZAVISIMAYA GAZETA in Russian 31 Jul 96 p 2

[Unattributed document by presidential analytical service: "The Federal Power Establishment and Gubernatorial Elections. One Option of Kremlin Strategy and Tactics"]

[FBIS Translated Text] The next most important event in Russian political life after the victory by the "party of power" in the presidential elections and the Duma's approval of the head of the new cabinet will undoubtedly be the elections in the country's regions this coming fall. The two opposing political forces have already begun to make active preparations for them. The document offered to our readers today was prepared by the team of a leading analyst at the presidential election headquarters. Apparently the document has drawn a mixed reaction. It has both its ardent advocates and fierce critics. Even so, the document appears interesting in that it helps to get an idea of the tasks that the presidential team sees as priorities in light of the upcoming regional elections, and approaches toward addressing these tasks.

A New Stage in the Evolution of Russian Federation Statehood

There is a likelihood that the upcoming gubernatorial elections will change nothing in the course of political affairs; that the traditional friendship between the president and the governors will be enough to continue moving by inertia; and that the attack by the Zyuganovites on this institution will collapse by itself. The probability of such an outcome, however, is very small. Great changes are pending.

Furthermore, a critical moment is coming in the federalization of Russia. We are moving away from the fine words about the transfer of power to the local level and about the expansion of the regions' rights to practical actions for which we shall have to answer. These fine words did not entail responsibility, because there was a dynamic vertical power structure: the president-governors. The days of this structure are now numbered, because soon all governors will be elected and independent from the president. True, many of them were also elected in the past, but they nonetheless depended on him. This dependence, however, was mainly based on tradition and on Yeltsin's personal authority. But when all the governors without exception are not appointed but elected, a basic change in their mentality will occur, and they will inevitably feel their independence.

Three Dangers

There are three commensurate dangers:

1. Relations between the president and the governors are undergoing a drastic change, for which we are not ready.

2. The governors themselves have acquired enormous, almost monopolistic, rights in their regions; there is not even a trace of the division of powers, and the governors' gaining independence from the president relieves them of the final constraints in further strengthening their positions, which will lead to an even greater deformation of the foundations of statehood in the regions and with it in the Russian state as a whole.

3. The Communists are getting ready to give a last and decisive battle in the gubernatorial elections, stating that everything they lost in the presidential elections they will win back in the gubernatorial elections. This is a real danger, considering that the Federation Council is invested with the right to impeach the president.

Three Difficulties

The federal authorities are bound to be confronted with great difficulties in their attempts to impact on the course of the gubernatorial campaign. The main difficulties are as follows:

1. The federal authorities' right to intervene in regional affairs is dubious, while the forms of this intervention should be carefully thought out, and there is no time for that.

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2. Attempts by the federal authorities (especially the president himself) to support some incumbent governors and not to support others, promoting alternative figures, can sharply aggravate relations within the president-governors vertical structure and destroy it earlier than would be desirable. If candidates not supported by the president win, they will inevitably become his foes, including in the Federation Council.

3. The president has no party of his own that could openly conduct its activity in the regions as the CPRF will. Some surrogates are needed, while there is no time to create them.

Ten Decisions

1. To begin, as a matter of urgency, the formation of the president's own vertical structure, using to this end the institution of the president's representatives in the regions (after its drastic revision).

2. To retain the foundation of the President Hotel headquarters, especially at the local level, as a base for the NDR [Russia Is Our Home], using this organization as a quasi-party of power.

3. To thoroughly promote the importance of the gubernatorial elections; to not allow them to retreat into their regional shell; to draw the attention of the all-Russia public to them; that is to say, to make them analogous, to the degree possible, to the presidential election; to this end, an effort should be made to hold elections in various regions on the same day and to combine them with elections for regional legislative assemblies.

4. To keep track of these legislative assemblies, which are to be won back from the Communists.

5. To select, as thoroughly as possible, the governors who will be given [presidential] support; to minimize the influence of Kremlin clans on this selection, and to avoid arbitrariness; possibly to create a kind of headquarters comprised of top officials who would make collective decisions in this sphere after carefully analyzing the situation.

6. To thoroughly avoid confrontation with the governors, making this an (implicit) slogan for the entire federal activity in this area.

7. To limit active intervention to a narrow scope of regions where there is a special danger of power passing into the hands of leftist radicals or mafia-style forces; this will minimize the risk of war with the governors.

8. The president himself should not take an active part in the campaign on a personal level, avoiding open support for candidates with the exception of the most obvious cases (like Nemtsov).

10. [numbers as published] Finally, (here two or three words are missing, but the meaning of the sentence is generally clear. — NG note) between the president and the governors at a forced pace, (consistently) ensuring the president's right to direct contact with the regions, local self-government administrations, and individual citizens, bypassing the authorities of Federation components; the central task is to find ways to strengthen presidential control over regional authorities along four main lines:

— federal laws and presidential edicts on the basic principles of statehood in the regions, binding the latter to a certain measure of balance in the forms of power in the regions, and the elaboration of constitutional provisions that will enable the president to control the governors' powers (for instance, dismiss them for violations under Article 72);

— the budget, not only subventions, but also, above all, the allocation of state expenditures;

— administrative perquisites, and the delegation of federal powers to the local level in those regions where the authorities are especially loyal to the president;

— "flank movement": reliance on major cities (primarily capitals) as the bastions of the liberal-reformist mood as well as on regional Dumas as constraints on the governors' omnipotence (that is, of course, if it proves possible to win back these Dumas).

A Threefold Task

The upshot of this is that three tasks, which do not very well agree among themselves, need to be addressed simultaneously:

1) To defeat the Communists in the gubernatorial elections, and the more decisively, the better.

2) To avoid confrontation with the governors corps (both before and after the elections), and to retain, to the degree possible, what has become a tradition in relations between the president and the governors in the past five years.

3) To build, by degrees, the [president's] own vertical power structure.

Russia: Reasons for Deputy Minister Karpov's Arrest Examined

MK3107134596 Moscow SEGODNYA in Russian 31 Jul 96 p 1

[Article by Aleksandr Bekker: "Deputy Federal Bankruptcy Administration Director Arrested"]

[FBIS Translated Text] Last Friday [26 July] saw the arrest of Petr [Anatolyevich] Karpov, deputy Federal

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Bankruptcy Administration (FUDN) general director. In his reception room, they have been insisting since Monday [29 July] that "Petr Anatolyevich is sick." Attempts by SEGODNYA's incidents desk to find out details have yielded a zero result. The FSB [Federal Security Service], the MVD [Ministry of Internal Affairs], and the General Prosecutor's Office state they have no information on what happened. In the meantime, a presidential staffer has advised that Mr. Karpov was indeed arrested rather than detained. This means that the FUDN deputy director was "worked on" for a long time, and sufficient damaging evidence was collected to receive an arrest warrant from at least a deputy general prosecutor. And, finally, specific charges were brought against Mr. Karpov.

Fellow-employees of the administration deputy director categorically decline to comment on the sad fact. The FUDN leadership generally prefers that the press should not make the affair public before an official commentary of the appropriate organs follows. One cannot hope for this in the foreseeable future. However, the arrest of a state official in the rank of deputy minister is not a case where one should wait and see. The FUDN is far from an unimportant department to withhold information from the public.

There are at least two accounts of the possible crime. The simplest explanation: What government official lives on salary alone today? As for Mr. Karpov, he is known as a bookkeeping expert. He could, for example, have been helping, for a consideration, with checking the balance sheets of commercial organizations so that tax people should have no complaints against them. He was caught in the act after having been watched for a long time. The current finance minister, Vladimir Panskov, was accused of something similar in the past.

The second account is more substantial. Two days before the arrest, the FUDN deputy director addressed a meeting of the government nonpayments operations commission and told it about the work of the group he is in charge of to have enterprises repay debts into the federal budget. One year of activities of Mr. Karpov's group brought the treasury about 10 trillion rubles. An official who turns the balance sheets of enterprises inside out, reveals their secret funds, and shakes out from their directors substantial amounts of money can hardly lay claim to the laurels of a darling of the public. Generally, the FUDN proved to be a worthy rival for the GKI [State Committee for the Administration of State Property] in earning the enmity of the State Duma, ministries, and the directors corps. The legislature accused the administration of making enterprises bankrupt and selling their property instead of bailing them out. The State Committee on Defense Industry Sectors fought the FUDN for defense industry enterprises to prevent bailing-out procedures with regard to them. Many people remember the drawn-out conflict between the FUDN and Rybinskiye Motory, which did not want the administration to sell, through an investment auction, the state-owned block of shares in this joint-stock company. There was friction between the FUDN and the related GKI, which dreamed of gobbling up its counterpart.

It should be noted that the work of tax departments (employing 143,000 persons) did not look in the best possible way in the light of a rather effective work done by Mr. Karpov's group. This generated vague irritation in the leadership of the former: "Let them better mind their direct business: bankruptcies." In the meantime, the initiative to task Mr. Karpov with beating out debts came from Anatoliy Chubays, who, just like Vladimir Kadannikov after him, highly assessed the "dead grip" and professionalism of the FUDN deputy director.

At the same time, Mr. Karpov was not member of anyone's team. After a trip to Maritime Kray several months ago, his group submitted to Mr. Chubays exposing materials against governor of the kray Yevgeniy Nazdratenko. The then first deputy premier got mixed up in a fight with the provincial leader and ended beaten up since the documents proved half-baked. Following this, it was hard for Mr. Karpov to "lean" against the Chubays team. It is perhaps his position of lone wolf that left Mr. Karpov without influential protection at a hard moment.

Mr. Karpov's arrest makes more sense against the backdrop of his accusations against his boss, FUDN General Director Petr Mostovoy: the Auditing Chamber has recently charged him with financial unscrupulousness. What is more, the FSB instituted a criminal case against him accusing him of exceeding his powers in the course of privatizing the Lenzoloto Joint-Stock Company. A number of observers has the impression that a purposeful action has been launched to decapitate and block one of the leading reform agencies.

Military Issues

Russia: Rodionov Stresses Need To 'Focus' Army Reform

MM3107191496 Moscow KRASNAYA ZVEZDA in Russian 1 Aug 96 p 1

[Report by Colonel Oleg Vladykin: "Russian Federation Defense Minister Colonel General Igor Rodionov: 'A Good Army Cannot Be Cheap'"]

[FBIS Translated Text] "Please raise your hands, those of you who have not yet received your pay for June."

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With these words Russian Federation Defense Minister Colonel General Igor Rodionov opened the meeting on Tuesday with generals and officers of the apparatus of the Ground Forces high command and a number of Russian Federation Defense Ministry main directorates. The odd person among the multitude of servicemen present responded to the minister's request, including, unfortunately, the writer of these lines. The vast majority of them had finally received their long-delayed pay two or three days before, had settled their debts, and therefore were quite prepared to address and discuss other armed forces problems.

But the very start of Colonel General Rodionov's speech was highly symbolic. Because no matter what problem in the life of the Armed Forces he went on to address, inadequate funding and constant delays with various payments for Army and Navy needs invariably cropped up when the causes were being sought. We have firsthand knowledge, the defense minister said, of the great discrepancy between what is needed to maintain the military potential and what the state can actually provide.

He went on to say that many of our political and military leaders are still in a muddle: What is military reform, and what is Armed Forces reform? After all, they are by no means one and the same. Military reforms in the state is at a standstill. But efforts are being made to reform the Armed Forces without support, without funding, without a program, and without a policy of transformations. All the reforms are reduced to random cuts of some kind, to a fight for survival. As a result combat readiness and fighting efficiency are in steep decline and the morale of personnel, above all officers, is deteriorating.

In the context of the military reform of the state we need a program on the basis of which we must also clarify the concept of the organizational development of the Armed Forces, Colonel General Igor Rodionov stressed. Having again carried out a detailed analysis of the Russian military-political situation, he cited an instructive example of a direct threat to our state's security. For more than 18 months now we have been unable to extinguish the Chechen conflagration. Many countries, at various distances from Russia, clearly want to see this conflict continue. None of them would ever say this publicly. They would even sympathize with us, but actually they pursue a policy of fueling the flames in the North Caucasus.

The successful resurrection and development of Russia as a great power is possible only if the state's defense might is maintained at a proper level. This is the ultimate objective of military organizational development, military reform, and Armed Forces reform. We must bring the country's entire defense system into line with the new conditions that exist in the country. There is a great deal of work to do.

The current state of the Armed Forces is far below the requisite level. The tendency for the combat and mobilization readiness of the forces to decline has not been overcome. According to the defense minister, this is due to the undermanning of units, the shortage of resources, the unresolved question of providing amenities for formations and units, deficiencies in the mobilization deployment base, and also the inefficiency of some commanding officers, commanders, and staffs. Unfortunately, not everyone in the country's political leadership has a full appreciation of the problem, Colonel General Igor Rodionov said. Efforts are being made to make the Armed Forces solely responsible for repulsing possible aggression against Russia, making them fully professional to that end. But this is a very complex problem; quality cannot be achieved without a definite increase in expenditure. A good army can never be cheap. Only cannon fodder is cheap.

We need to maintain and improve the mobilization deployment base in the country. And this costs money. Money is also required to equip the Army and Navy with modern types of armaments and military hardware. At the moment they constitute only 30 percent of the Armed Forces' equipment. A significant number of types of armaments have run their course and are operating beyond their guaranteed lifespan. We now no longer have, in effect, series production of complex weapons systems. The Russian Federation Defense Ministry is ordering only individual models — which is extremely unprofitable as far as the state is concerned. In fact, in 1991 it reduced appropriations for these purposes by a factor of 15! There are many problems with supplies of materials as well. Unit, operational, and strategic reserves are approaching a critical level. For example, 70 percent of Armed Forces personnel do not have the regulation clothing and related gear. It took a great deal of money to provide for the Federal Grouping of Forces in Chechnya, and some emergency supplies had to be used for that purpose.

The material aspect has also played a prominent role in the deterioration of Forces manning. The prestige of military service is declining all the time. Normal social conditions must be created for military service. According to the defense minister, a military man will want to serve and will serve with dignity and honor of he does not have to cope with bad and ill-organized social conditions.

No wonder the Army and Navy are badly undermanned at the moment as far as officers are concerned. They

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are particularly short of platoon, company, and battery officers.

Most indicative in this respect is the situation in the Ground Forces — the largest category of the Armed Forces. The social situation is acute here. More than 40,000 families of commissioned and warrant officers are without apartments. Pay is late, and other statutory payments are delayed. Although by and large, of course, the Ground Forces are experiencing the same problems as the other categories of the Armed Forces. As Colonel General Rodionov said, he saw this for himself during visits to and work at the high commands of the Navy, Air Defense Forces, Air Force, and Strategic Missile Forces. Everywhere there is an acute lack of financial, material, and technical provision.

In this kind of situation, the Russian Federation defense minister said, by trying to save everything we could lose everything. Therefore we must focus our efforts on solving the questions on which the foundation of our country's remaining might and of its capability and potential to threaten a potential aggressor and, if necessary, defend the state's interests depends. Colonel General Igor Rodionov stressed this idea several times — both when he listened to Army General Vladimir Semenov, commander in chief of Ground Forces, and members of the Ground Forces Military Council, and when he later addressed the high command generals and officers.

Russia: Rodionov Briefed at Strategic Missile Forces Main Staff

MM3007111696 Moscow KRASNAYA ZVEZDA in Russian 30 Jul 96 p 1

[Report by Sergey Davidenko of the Strategic Missile Forces Press Center: "The Missile Forces Guarantee Russia's National Security. Colonel General Igor Rodionov, Russian Federation Minister of Defense, Made This Assessment of Strategic Missilemen at a Meeting in the Strategic Missile Forces Main Staff"]

[FBIS Translated Text] On 26 July Colonel General Igor Rodionov, Russian Federation minister of defense, visited the Strategic Missile Forces Main Staff within the framework of familiarizing himself with the state of affairs in the Armed Forces. Army General Igor Sergeyev, commander in chief of the Strategic Missile Forces, reported to the defense minister on the condition, the combat potential, the problems, and the development prospects of the mightiest branch of Russia's Armed Forces. He pointed out, in particular, that despite the complexities of the economic situation in the country, which the strategic missilemen are experiencing in full measure, and the difficulties in making provision for the troops, the controllability and the combat readiness of the Strategic Missile Forces have been preserved. They are capable of fulfilling the set combat tasks in a guaranteed manner.

The troops' combat readiness is at a level which ensures, jointly with the other components of the strategic nuclear forces, the effective resolution of the task of nuclear deterrence. The combat potential of the Strategic Missile Forces grouping is continuing to be improved by means of modernizing weapons and the battle management system and bringing into the combat arsenal the new modernized Topol-M type of missile system to replace those that are being taken off alert duty at the end of their service lives. Obligations in accordance with the START I Treaty are being fulfilled systematically.

Some 80 percent of the checked missile combined units received a "good" assessment based on the results of the winter training period. The missile regiment of the Irkutsk Combined Unit reconfirmed its excellent ranking. The Strategic Missile Forces grouping is continuing to be improved. Three missile regiments with the Topol missile complex were placed on alert duty at the end of last year. The reliability of the nuclear missile weapons and the troops' high level of training were confirmed by recent experimental launches of Topol and RS-18 missiles.

Nevertheless, there are increasing problems with the training and building of the Strategic Missile Forces as a whole. This is primarily connected with the fact that only 56 percent of the funds scheduled from the defense budget to maintain combat readiness and nuclear security and to ensure the troops' vital activity were received. Problems with funding and disruptions to deliveries of fuels and lubricants lead to a drop in the intensity of combat training. The Strategic Missile Forces leadership is taking all possible compensatory measures and is managing, for the time being, to keep the troops' combat training at the proper level, above all, by increasing the intensity of the officer personnel's labor.

The minister of defense also visited the Strategic Missile Forces Central Command Post, where he heard a report by Colonel General Viktor Yesin, chief of the Main Staff, on the Strategic Missile Forces' automated control system and the troop grouping's readiness to resolve the set tasks.

In the garrison Officers' Club the minister of defense had a meeting with the officer personnel of the Strategic Missile Forces' central apparatus. Col. Gen. Rodionov emphasized that he has never doubted the necessity and special state importance of the strategic mis-

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silemen's military labor. In his speech the minister of defense concentrated main attention on an assessment of the state of the Army and Navy, singling out the most alarming problems here, particularly the low manning level and the inadequate social protection for servicemen. Col. Gen. Rodionov defined the main aim of the military reform — to bring the Armed Forces into line with the new economic, sociopolitical, geostrategic, and mobilization realities. Within the framework of the reform in the Strategic Missile Forces it is necessary to optimize the organization and establishment and to standardize the nuclear missile armament by adding to the arsenal the improved and in many respects unique Topol-M ICBM. On the whole, in the defense minister's opinion, the Strategic Missile Forces guarantee nuclear deterrence by their existence and ensure Russia's national security.

Russia: Reshuffle Expected in Defense Ministry

LD3107170196 Moscow ARGUMENTY I FAKTY in Russian July 96 No. 31, (Signed to Press 30 Jul 96) p 2

[Report by Aleksandr Ivanov under the "The Army Failed To Receive 26,000 Billion Rubles of the 36,000 Billion Owed to It" rubric: "Army Intrigues Against an Impecunious Background"]

[FBIS Translated Text] *After Aleksandr Lebed was appointed secretary of the Security Council and presidential aid for national security large-scale cadre reshuffles in the leadership of the armed forces followed. Along with Pavel Grachev many people in his entourage lost their posts. Who is coming to replace them?*

RODIONOV IS FORMING A TEAM

UNLIKE Lebed, the new defense minister, I. Rodionov, is in no hurry to make rash statements on television about "rogues" or "prostitutes in trousers." Military officers single out caution and balanced approach as the two main characteristics of his actions.

He shows consideration in dealing with personnel, and even when parting with faithful devotees of Grachev, he tries to do this in a friendly manner. For instance, he was openly indignant about the behavior of his duty officers who had kept Yelena Agapova, P. Grachev's former press secretary, in his reception room until 2200. The 59-year-old general apologized to the lady and received her at that late hour. He showed understanding for the personal requests of the sometimes omnipotent assistant to Grachev. Well, he himself used to be in disgrace more than once... So the post of press secretary is vacant for the time being. But another key post, that of head of the minister's apparatus, has already been given to Lieutenant General Viktor Kozlov.

Staff of the minister's secretariate, well-skilled in cadre intrigues, was quite bewildered by Igor Rodionov's first appointment. Kozlov is "a dark horse" in the corridors of the Defense Ministry. None of the most influential generals knows him since he came from the headquarters for coordinating military cooperation among CIS countries, a body where officers out of favor with Grachev used to be "exiled" to.

Igor Rodionov's fellow officers from the Academy of the General Staff will climb the career ladder too. For instance, Gen Aleksandr Cherkasov, his former "deputy commander in charge of political education," is likely to replace "Grachevite" Sergey Zdorikov as head of the Main Directorate for Educational Work.

Severe struggle is also in progress for the vacant posts of chiefs of a number of main directorates in the General Staff. Also, military analysts forecast changes among commanders-in-chief of certain branches of the army in the near future. In all probability the changes will affect faithful "Grachevites" Army Gen Petr Deynekin, Russia's chief military pilot, and Admiral Feliks Gromov, chief naval officer.

OFFICERS WAITING TO GET PAID

ALL this commotion at the top, however, is of little interest to ordinary officers. Finances is the main issue for the army now. If Lebed and Rodionov succeed in overpowering the Ministry of Finances' fortresses and pay wages to their subordinates on time they will enjoy authority.

Even the minister's apparatus has been without pay since May. In remote garrisons people have not seen their money allowances for over six months. That is why in many places commanders turn a blind eye to the fact that, in breach of the Law on the status of servicemen, people with shoulder-straps are doing odd jobs on the side. After all, it is a question of survival....

Russia: 'Expert' Argues Against Professional Army

MM2907151996 Moscow KOMSOMOLSKAYA PRAVDA in Russian 24 Jul 96 p 4

[Article by military expert Vladimir Sviridov under the "Viewpoint in Detail" rubric: "Does Russia Need a Professional Army? 'To Remain a Free Nation, We Must Be Always Prepared for War'"]

[FBIS Translated Text] A new revolution awaits the Armed Forces: An order has been issued to change the manpower acquisition principle by the year 2000. In this

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case we should probably discuss the order first and only then hurry to carry it out....

"I would gladly have these guys under me," Colonel Douglas Taystad [surname as transliterated], commander of the U.S. 1st Infantry Brigade, declared on assessing the actions of the Russian peacekeepers of the 45th Division on the Peace Shield-96 exercises. This was not lip service to politeness: On the range near Lvov our soldiers, the majority of whom were in their first year of service, won almost all categories of competition among servicemen from 10 countries. Eyewitnesses said that a U.S. sergeant who had served for five years was almost kicking himself out of annoyance at losing to a guy from Tver in assault rifle shooting.

Maybe this example concerning the level of training of servicemen of two armies with different manpower acquisition systems will seem an isolated instance. Fortunately, however, we can compare the combat potential of a professional army and a nonprofessional army only on the basis of contests on sports fields, not on the battlefield.

The presidential edict on the switch to manpower acquisition for the Armed Forces on a professional basis by the year 2000 was signed over a month ago. Surprisingly, however, it did not provoke a broad polemic. And yet the switch to a professional army is, in point of fact, a revolutionary step for Russia. Is there a guarantee that the switch to the voluntary principle of manpower acquisition for the Armed Forces will be the panacea for the ills which are rocking Russian staffs today?

How Are Things for Them?

The United States has manned its Army on a voluntary basis since 1973 — the decision was adopted in connection with the need to enhance the prestige of military service, which had fallen sharply owing to the unpopularity of the war in Vietnam. Britain had gone over to the professional principle even earlier, in 1961. The armed forces of Canada, the Netherlands, Japan, and certain other countries are similarly manned. France is abandoning compulsory military service as of 1997.

What are the arguments in favor of such a manpower acquisition system? Above all, the young citizens of a country themselves choose military service, and this has a positive effect on the atmosphere in the barracks and the subunit. The reasons for such a choice can vary, ranging from awareness of duty to the state to perfectly pragmatic reasons. Hired servicemen, otherwise known as contract servicemen, receive a wage which is significantly higher and, most importantly, more stable than in civilian life. They are provided with free housing or receive compensation for renting it. A system of privileges that are highly attractive to young people has also been thought out: In the army it is possible to obtain a specialty, and the army will pay for postcontract education. Long service — contracts in the U.S. Army are concluded for a period of three to six years with a possible subsequent extension for a further six years, and in the British Army for between six months and 22 years — naturally entails an increased level of professionalism. Thanks to this, a professional army appears to many a well-adjusted mechanism.

No Such Thing as Soldiers for Free

But the truth, as always, lies somewhere in the middle. The level of combat readiness of a professional army is undoubtedly high. But it is no higher than in those armies that are manned according to the principle of compulsory service. The NATO Command, for example, has repeatedly noted the training of Bundeswehr soldiers, holding them up as an example to other servicemen, including U.S. ones. The Soviet Army never played second fiddle to NATO either.

The explanation for this can be found in a number of factors: traditions, national character.... And yet the chief thing is the quality of army funding. If an army receives sufficient funds to buy equipment and weapons and for combat training, then the combat potential, regardless of the principle of manpower acquisition, is high. Conversely, poor funding for any army leads to its breakdown.

The outwardly well-off U.S. Armed Forces at once sounded the alarm over the reduction which the Clinton administration made to the military budget during the first years of its rule. Commanders were forced to economize on everything, including combat training, by reducing pilots' flying hours, the number of miles that tankmen are required to cover, and so on. The legislators did not fail to speak out on this. "The combat readiness and combat ability of the armed forces are at a high level at the present time, but cracks are already starting to appear," Arizona Senator John McCain declared.

To all appearances, things are even worse in another professional army — the Canadian Army. "If the government were to send me into a zone of combat operations today, I would be unable to fulfill the order, at least with the present technical equipment," General Zhan Boyl [name as transliterated], chief of the Canadian Army's General Staff, admitted. The main reason is the shortage of money: Among the NATO countries Canada ranks last but one with regard to the size of the funds allocated, ahead only of Luxembourg, whose armed forces are 900 strong. As a result, the

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Canadian Army, which has been reduced to 70,000 servicemen, today has only 6,000 who are combat ready.

Not Many Angels Among the Professionals

Will the arrival of contract servicemen improve barracks morale?

It is mainly people who cannot get settled in civilian life who become contract servicemen — the unemployed, half-educated people, those whose muscular strength determines their actions, those who hope to find protection from prosecution in the barracks.... "In seven years' time only immigrants from Jamaica will serve in the U.S. Army if the United States retains the principle of professional recruitment," General Feve [name as transliterated], a well-known military expert, maintains. "In Britain they take very nearly criminals into service but still cannot cover the 5-percent personnel deficit," General Zheren Ros [name as transliterated] echoes him.

The United States, Britain, Canada, and other countries have annually to sort out scandals associated with the behavior of servicemen. Taunting, fights, alcoholism, drug addiction, rape and robbery among the local population — all this is commonplace among "professionals." A new word has appeared in U.S. slang to denote "sexually unacceptable behavior" — tailhook, from the name of the association of naval aviation aces. In 1991 they gathered in a Las Vegas hotel to celebrate the victory in the Persian Gulf. The best naval aviators, having drunk themselves into a stupor, literally made their women colleagues run the gauntlet. Even in such an elite institution as the Naval Academy at Annapolis a group of 24 students was uncovered who did not just indulge in drugs but also dealt in them.

There is another delusion under which supporters of a professional army labor: They say that it will make it possible to maintain highly efficient yet small armed forces. It is not an army's quality that determines its size, although this factor must not be totally rejected. The main determining quantitative characteristics of armed forces are the country's geopolitical location, the size of its territory, and its surroundings.

Thus, America, even cut off from the world by oceans, is obliged to maintain a considerable number of reservists in addition to the army. The only difference is that these people do not while away their days in barracks but undergo regular combat training for up to 40 years, including individual and group studies (mainly at weekends), summer training camps, and participation in troop and command-staff exercises. At the same time neither business nor private troubles can serve as an excuse for a citizen who is attached to the reserve.

The principle of manpower acquisition on a voluntary basis is criticized in all countries where it operates or where it is planned to introduce it. Polls show that the majority of the French fear that a professional army could lose its function of educating the young generation in the spirit of patriotism and rallying people from different sections of society. An army stripped of its link with the people — a link realized through compulsory military service — could get out of broad public control and become the tool of politicians. FRG Defense Minister V. Ruehe has declared that armed forces manned on a draft basis alone are the only means by which Germany can maintain NATO's combat readiness.

Is It Worth Reinventing the Bicycle?

Analyzing the experience of the United States, Canada, and Britain, it is possible to conclude that a professional army will not defend Russia and that it is inexpedient to make the switch to one. In any case it is possible to speak of creating one only in the distant future. The necessary conditions — economic ones, above all — have not been created for the switch to one as of the year 2000.

It is economically more advantageous and also easier for Russia to create modern armed forces while preserving the mixed principle of their manpower acquisition, in other words to have the draft as well as professionals. Professionals, meaning officers, ensigns, and approximately 250,000 contract servicemen, already make up over 50 percent of personnel. This figure can be increased to 70-80 percent by creating the appropriate conditions for service and daily life. At the same time the elite units and combined units — above all, those of the Strategic Missile Forces, the Air Force, the Navy, and the Airborne Forces — must be on special rations. The period of draft service could be reduced to 10 months, but this time would have to be utilized fully and as effectively as possible in the interests of combat training. A soldier must get on with his own work and not dig ditches in Moscow or move furniture in the State Duma.

Of course, such an army (its strength could be 1.4-1.5 million), even if we speak only of its personnel, will require considerable expenditure. But this can be partly met by reducing a further almost 17 ministries. Reserves also exist for a reduction in the Army itself. For example, some officer posts — physicians, jurists, journalists, sportsmen, and so on — can be switched to the rank of state employees, as has been done in China.

Further. Probably the most important point. In recent years the Army has suddenly found itself in the role

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of a stepchild — which is not in the traditions of the Russian people. Therefore, if we want to have the Army as a really reliable defender, we must radically change our attitude to it. Incidentally, this was the Americans' starting point when the prestige of military service had to be restored after Vietnam. At that time the best U.S. intellectual forces were thrown into creating the army's new appearance and making it battleworthy, authoritative, and attractive. This was based on the instructions of G. Washington, who declared as long as 200 years ago: "To remain a free nation, we must be always prepared for war."

Russia: Pak Views Defense Industry Status

MM3007140196 Moscow ROSSIYSKIYE VESTI in Russian 30 Jul 96 p 3

[Article by Zinoviy Pak, Russian Federation minister of the defense industry: "Military-Industrial Complex: Political Turns Are Dangerous"]

[FBIS Translated Text] Talk of the destruction in the military-industrial complex has become a commonplace. They say that we have already crossed the critical threshold beyond which the sector's restoration is impossible and the previous level unattainable. I cannot accept these assertions.

What does "the sector's restoration " mean? It exists, it is there, it is producing unique output. On many avenues we continue to be ahead of our rivals. And it is not worth strewing our heads with ashes all the time. I shall cite the example of my own design bureau where I used to be the general designer. Our methods for the production of rocket fuel were 20 years ahead of American methods. And even now we are about 15 years ahead.

In the past few years the Americans have developed and if, god forbid, they steal our specialists and our secrets, the difference could be reduced to 10 years. In the past on these avenues we could concentrate a great potential of manpower and funds and make headway. On the one hand 10 years is still a very great deal and on the other it is little unless we make headway.

Another example is the Su-37 fighter and the Russian-Ukrainian An-70 military transport aircraft. They surpass corresponding European developments. We are now forming together with the Government the program for the sector's development through 2010. We are registering the prospects for the development of unique high-technology methods. For instance, the production of composite materials, in particular reinforcing fibers. In Soviet times three enterprises were constructed — in Kamensk-Shakhtinsk, Tver, and Krasnoyarsk — which produced fibers which were used for civilian and military purposes. There were no counterparts abroad nor are there now but the state order has been reduced and foreign markets have been reduced in connection with the collapse of the USSR. Enterprises are living in poverty. The same can be said of the element base of microelectronics. The program sets the task of breathing life into these sectors. For that it is essential primarily to make the domestic market a capacious one so that Russian enterprises have a need for this output and secondly it is necessary to seek new foreign sales markets.

It is impossible to return to our former level with the present volume of financing. Above all it is impossible to return to the quantitative level. But even that is not an excessive task. It is a case of something else: Will we be able to reach a new qualitative level? Much depends on how the economic situation in the country as a whole develops. It is perfectly obvious that we cannot manage without a certain increase in the state order — primarily for experimental design and scientific research developments. So far the level of equipment and weapons makes it possible to ensure guarantees of national security but there is already an urgent need to replace those types of weapons whose guaranteed life is ending.

The biggest "thorn in the side" for us right now is taxes. Current taxes are provoking a decline in production and are encouraging primitive technologies. A certain easing of the tax burden on breakthrough salients, in particular science-intensive technologies, could produce a substantial effect. The West is prepared to invest in our defense industry but they need confidence in political stability, in the steadiness of our economic policy, the confidence that their investments will not be confiscated and taxation policy will be stable. For Russia this is advantageous but as though out of spite we are constantly being shaken by something. First perestroyka, then the elections, then more elections — the country is finding it impossible to settle down. The time has come to work without looking back. Drastic political twists are the most dangerous thing for the defense industry.

Federal Assembly

Russia: Legislative, Regulatory Documents 21-27 Jul

96P50110A

[FBIS Report] The following is a listing of Russian legislation recently published in the press of the Russian Federation compiled by FBIS. Numbers within parens indicate approximate wordage. Entries followed by the notation "Text" have been translated into English and are available in FBIS publications.

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SECTION I: ECONOMIC LEGISLATION (EXPORT-IMPORT, BANKING, PRIVATIZATION, AUCTIONS, REGIONAL DEVELOPMENT)

Chernomyrdin-Signed 17 May Government Directive No. 779 On State Support For Modernization Of Chita International Airport. (Moscow ROSSIYSKAYA GAZETA in Russian 25 Jul 96 p 3) (200)

Chernomyrdin-Signed 17 May Government Directive No. 781 Approving Proposal Of RF Fuel And Energy Ministry To Support Initiative Of International Fuel And Energy Association On Elaborating And Implementing In 1996-1997 Of Program 'Concept For The Stable Development Of Power Engineering: Public Activeness, Initiative, And Support.' (Moscow ROSSIYSKAYA GAZETA in Russian 25 Jul 96 p 3) (150)

Chernomyrdin-Signed 8 June Government Directive Adopting Agriculture And Food Ministry Proposal, In Agreement With Other Ministries, 'On Support For Feed Harvest And Procurement In Form Of Trucks, Drivers, And Other Operatives; Includes 2,500 Trucks And Military Drivers From Defense Ministry. (Moscow ROSSIYSKAYA GAZETA in Russian 25 Jul 96 p 3) (100)

Government 8 June Directive No. 903 Requesting Ministry Of Fuel And Energy And Other Agencies To Take Measures Ensuring Implementation Of Agreement On Production Sharing From Sakhalin-1 And Sakhalin-2 Continental Shelf Exploration Projects. (Moscow ROSSIYSKAYA GAZETA in Russian 23 Jul 96 p 4) (200)

Chernomyrdin 24 June Decree No. 738 On Federal Targeted Program 'Rehabilitation Of Man-Made Entities In Sverdlovsk Oblast' (Presumably Spoil Heaps, Etc). (Moscow ROSSIYSKAYA GAZETA in Russian 24 Jul 96 p 4) (500)

Chernomyrdin-Signed 27 June Government Decree No. 751 On Measures To Preserve Gene Pool And Stabilizing Sheep Farming In Stavropol Kray. (Moscow ROSSIYSKAYA GAZETA in Russian 25 Jul 96 p 3) (350)

Chernomyrdin 27 June Decree No. 753 On Federal Targeted 'Home Ownership' Program. (Moscow ROSSIYSKAYA GAZETA in Russian 24 Jul 96 p 4) (600)

Chernomyrdin-Signed 27 June Decree No. 754 On Questions Relating To Operation Of State Conversion Fund. (Moscow ROSSIYSKAYA GAZETA in Russian 25 Jul 96 p 3) (550) (Text)

Chernomyrdin-Signed 1 July Government Decree No. 769 Listing Textile And Light Industry Goods Liable To Mandatory Certification. (Moscow ROSSIYSKAYA GAZETA in Russian 25 Jul 96 p 3) (200)

Government 1 July Decree No. 777 On Appointment Of Russian Federation Representatives For The Management Of Federal-Owned Blocs Of Shares In Fuel And Energy Complex Enterprises. (Moscow ROSSIYSKAYA GAZETA in Russian 23 Jul 96 p 3) (700)

Chernomyrdin 8 July Directive No. 1068 On Bringing Returns On State Securities Into Line With Inflation. (Moscow ROSSIYSKAYA GAZETA in Russian 24 Jul 96 p 4) (250) (Text)

Government 12 July Decree No. 790 Approving Appended Statute On The Procedure For Reimbursement Of Expenditures Associated With The Payment Of Benefits Under Amended Law On Status Of Servicemen (Appendices 1-3 Of Statute Not Published). (Moscow ROSSIYSKAYA GAZETA in Russian 23 Jul 96 p 4) (1200/1800)

Government 12 July Decree No. 793 On Federal (All-Russia) Wholesale Market For Electricity, Approving Appended Basic Principles For The Functioning And Development Of This Market And List Of Commercial Organizations Whose Charges Fall Under Federal Energy Commission's Control (Appendices To Be Published). (Moscow ROSSIYSKAYA GAZETA in Russian 23 Jul 96 p 3) (1200)

Chernomyrdin 12 July Decree No. 796 On Measures Of State Support For Retooling Of 'Magnitogorsk Metallurgicheskiy Kombinat' Joint-Stock Company. (Moscow ROSSIYSKAYA GAZETA in Russian 23 Jul 96 p 1) (300) (Text)

Government 12 July Directive No. 1095 Granting Penza's Frunze Plant Repayable Sum Of R22.5 Billion To Help With Financial Recovery And Restructuring Of Lossmaking Facilities. (Moscow ROSSIYSKAYA GAZETA in Russian 25 Jul 96 p 1) (150) (Text)

Government 13 July Directive No. 1098 Giving Nizhniy Novgorod Oblast Administration R45 Billion For Exhibition Complex. (Moscow ROSSIYSKAYA GAZETA in Russian 25 Jul 96 p 1) (150) (Text)

Yeltsin 13 July Edict No. 881 On Amendment To Russian Federation President's Edict No. 1668 Of 9 August 1994 'On Federal Migration Program.' (Moscow ROSSIYSKAYA GAZETA in Russian 24 Jul 96 p 4) (100)

Chernomyrdin-Signed 17 July Government Decree No. 805 On Regulating Work On RF Finance Ministry's

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Granting Of Guarantees On Commercial Bank Credits Drawn By Recipients Of Federal Budget Resources In 1996. (Moscow ROSSIYSKAYA GAZETA in Russian 25 Jul 96 p 3) (350)

Government 17 July Decree No. 863 On Improving State Regulation Of Natural Gas Prices. (Moscow ROSSIYSKAYA GAZETA in Russian 27 Jul 96 p 4) (900) (Text)

Government 18 July Decree No. 816 On Customs Duty Concessions On Humanitarian Imports Specifying That Concessions In Previous Decrees 'Do Not Extend To Excisable Goods Or Likewise To Goods Imported Under Foreign Trade Treaties (Contracts) Stipulating Payment For These Goods By Russian Importers.' (Moscow ROSSIYSKAYA GAZETA in Russian 27 Jul 96 p 4) (350)

Government 19 July Decree No. 819 On The Development Of The Provision Of Gas Supplies In The Russian Federation In 1996-2000. (Moscow ROSSIYSKAYA GAZETA in Russian 27 Jul 96 p 4) (500) (Text)

Yeltsin 19 July Directive No. 373 Ordering Government To Consider Federal Tax Exemption For Religious Bodies Restoring Historic Religious Buildings. (Moscow ROSSIYSKAYA GAZETA in Russian 26 Jul 96 p 4) (150)

Yeltsin 19 July Edict No. 1042 On Russian Federation's Agro-Industrial Bank. (Moscow ROSSIYSKAYA GAZETA in Russian 24 Jul 96 p 4) (300) (Text)

Yeltsin 20 July Edict No. 1054 On Measures To Eliminate Joint-Stock Companies' Wage And Tax Arrears. (Moscow ROSSIYSKAYA GAZETA in Russian 26 Jul 96 p 4) (500) (Text)

RF Central Bank Announcement Of Rates Of Exchange For Various Denominations Of Foreign Currency, As Of 25 July, For Purposes Of Accounting And Customs Payments. (Moscow ROSSIYSKAYA GAZETA in Russian 25 Jul 96 p 3)

Text Of Russian Federation State Taxation Service "Instructions On Applying Russian Federation Law 'On State [Customs] Duty.'" (Moscow ROSSIYSKAYA GAZETA in Russian 27 Jul 96 pp 12-15) (24000)

SECTION II: POLITICAL (INTERNATIONAL AND CIS AFFAIRS, ELECTIONS, CRIME, POLLUTION)

Government 17 May Decree No. 589 On Setting Up Establishments For Higher Vocational Education Under RF MVD. (Moscow ROSSIYSKAYA GAZETA in Russian 23 Jul 96 p 6) (800)

Chernomyrdin 17 May Decree No. 600 On Federal Targeted Program For Stepping Up Fight Against Crime In 1996-1997. (Moscow ROSSIYSKAYA GAZETA in Russian 24 Jul 96 p 5) (400) (Text). Part One Of Federal Targeted Program For Stepping Up Fight Against Crime In 1996-1997 (Conclusion To Be Published In ROSSIYSKAYA GAZETA For 25 July). (Moscow ROSSIYSKAYA GAZETA in Russian 24 Jul 96 pp 5-6) (10000)

Government 8 June Decree No. 658 Approving Appended (But Not Published) Federal Targeted Program For Improving The Ecological Situation And The Health Of The Population Of Orenburg Oblast In 1996-2000. (Moscow ROSSIYSKAYA GAZETA in Russian 23 Jul 96 p 6) (500)

Chernomyrdin-Signed 8 June Decree No. 669 On Establishment Of 'Orfey' ('Orpheus') Radio Station. (Moscow ROSSIYSKAYA GAZETA in Russian 25 Jul 96 p 3) (250) (Text)

Government 8 June Directive No. 892 Asking FSB And Other Agencies To Elaborate Measures For Collaboration Between Federal And Local Organs Of Executive Power In Struggle Against Terrorism. (Moscow ROSSIYSKAYA GAZETA in Russian 23 Jul 96 p 4) (900) (Text)

Government 11 June Directive No. 914 Accepting Rosarkhiv Proposal To Build State Historical Archive Premises In St. Petersburg. (Moscow ROSSIYSKAYA GAZETA in Russian 23 Jul 96 p 6) (300)

Chernomyrdin-Signed 11 June Government Directive No. 916 On Preparations For Staging Of IOG-Sponsored World Youth Games In 1998. (Moscow ROSSIYSKAYA GAZETA in Russian 25 Jul 96 p 3) (350)

Government 21 June Decree No. 720 Approving Appended Federal Targeted Program For Socioecological Rehabilitation Of The Territory And Protection Of The Health Of The Population Of Samara Oblast City Of Chapayevsk. (Moscow ROSSIYSKAYA GAZETA in Russian 23 Jul 96 pp 5,6) (300/9000)

Government 24 June Decree No. 742 On Cherepovets State University. (Moscow ROSSIYSKAYA GAZETA in Russian 24 Jul 96 p 4) (400)

Government 24 June Decree No. 744 On Procedure For Implementing International Agreements On Safe Storage And Transportation Of Nuclear Weapons In The Russian Federation. (Moscow ROSSIYSKAYA GAZETA in Russian 23 Jul 96 p 3) (500) (Text)

Government 24 June Directive No. 990 Approving Application For Loan Of Up To DM39 Million From

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FRG Banks To Fund Purchase Of Equipment For Production Of Specialized Furniture For Educational Establishments. (Moscow ROSSIYSKAYA GAZETA in Russian 23 Jul 96 p 6) (300)

Chernomyrdin-Signed 24 June Government Directive No. 1001 Approving Goskomimushchestvo Proposal On Holding International Conference Of Ministers Of East European Countries On Problems Of Privatization. (Moscow ROSSIYSKAYA GAZETA in Russian 25 Jul 96 p 3) (300) (Text)

Stroyev-Signed Federation Council Decree No. 255 Of 26 June Approving Amendments And Additions To Federation Council Standing Orders, Plus Amendments And Additions In Question. (Moscow ROSSIYSKAYA GAZETA in Russian 25 Jul 96 p 6) (100/2800)

Chernomyrdin-Signed 8 July Government Decree No. 787 On Creating Institutes Of RF Prosecutor's Office Within Moscow, Saratov, And Urals State Law Academies. (Moscow ROSSIYSKAYA GAZETA in Russian 25 Jul 96 p 3) (300)

Government 12 July Decree No. 801 Approving Appended Procedure For Compulsory Collection Of Fines And Penalty Payments Imposed By RF Customs Organs. (Moscow ROSSIYSKAYA GAZETA in Russian 23 Jul 96 p 3) (100/1300)

Text Of Yeltsin 17 July Edict No. 1038 Scheduling Legislature Election In Kemerovo Oblast. (Moscow ROSSIYSKAYA GAZETA in Russian 23 Iul 96 p 3) (300)

Constitutional Court Ruling No. 73 Of 17 July Deferring Hearing Regarding Constitutionality Of Certain Provisions Of Tyumen Oblast Charter. (Moscow ROSSIYSKAYA GAZETA in Russian 24 Jul 96 p 4) (1600)

Government 19 July Decree No. 715 Approving 'Federal Targeted Program For Development And Preservation Of Russian Federation Culture And Art (1996-1999)', Plus 'Abridged' Version Of Program. (Moscow ROSSIYSKAYA GAZETA in Russian 27 Jul 96 pp 5-6) (400/10000)

Yeltsin 19 July Directive No. 374 Adding Two New Members To Joint Commission On Coordinating Legislative Activity. (Moscow ROSSIYSKAYA GAZETA in Russian 25 Jul 96 p 3) (100)

Yeltsin 20 July Directive No. 380 Thanking U.S.-Russian 'Motherland' Cultural Enlightenment And Charitable Society For Return Of Military Relics To Russia. (Moscow ROSSIYSKAYA GAZETA in Russian 23 Jul 96 p 1) (50)

Yeltsin 20 July Edict No. 1053 Concerning Election Of Head Of Executive Power In Leningrad Oblast, Set For September 1996. (Moscow ROSSIYSKAYA GAZETA in Russian 25 Jul 96 p 3) (150)

Yeltsin 20 July Edict No. 1056 On State Support For Russian Red Cross Society. (Moscow ROSSIYSKAYA GAZETA in Russian 24 Jul 96 p 4) (400)

Yeltsin 20 July Edict No. 1057 On Russian Federation President's Grants To Students Of Defense Ministry Higher Educational Establishments. (Moscow ROSSIYSKAYA GAZETA in Russian 24 Jul 96 p 4) (300)

Yeltsin 25 July Edict No. 1101 On Measures To Improve The Structure Of the Russian Federation Presidential Staff. (Moscow ROSSIYSKAYA GAZETA in Russian 27 Jul 96 p 4) (1500) (Text)

Yeltsin 25 July Edict No. 1102 On Russian Federation Defense Council, Plus Diagram Showing Council Apparatus Structure, Plus Council Statute, Plus Membership List. (Moscow ROSSIYSKAYA GAZETA in Russian 27 Jul 96 pp 1, 4) (2500) (Excerpt)

Concluding Part Of Federal Targeted Program For Stepping Up Fight Against Crime In 1996-1997 (Part One In ROSSIYSKAYA GAZETA for 24 July). (Moscow ROSSIYSKAYA GAZETA in Russian 25 Jul 96 pp 4-5) (10000)

SECTION III: SCIENCE AND TECHNOLOGY

Yeltsin 19 July Edict No. 1044 On The Revival And Development Of Philosophical, Clinical, And Applied Psychoanalysis. (Moscow ROSSIYSKAYA GAZETA in Russian 26 Jul 96 p 4) (200)

Russia: Two Plenaries May Interrupt Duma's Summer Recess

LD0108101196 Moscow ITAR-TASS in English 0922 GMT 1 Aug 96

[By Ivan Novikov]

[FBIS Transcribed Text] MOSCOW, August 1 (ITAR-TASS) — Thursday has started the summer recess of the State Duma, but the lower parliamentary house may have two extraordinary plenaries in August.

One has been already scheduled to be held after the inauguration of reelected President Boris Yeltsin.

This meeting will debate the candidacy of prime minister to be moved — and already announced by Yeltsin — Viktor Chernomyrdin.

The lobby talk in the Duma is that before that the Duma might be forced into meeting to hear the emergency

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situation in the Russian Far Eastern Maritime territory swept by miners' protests against long-delayed wages.

The Russia's Democratic Choice faction has set up an action group to collect 90 signatures of parliamentarians necessary to convene the meeting, an exacting task with the Duma in the recess.

If one-fifth of the Duma membership gives the signatures, the Duma Council will have to put the plenary on the agenda.

Russia's Democratic Choice is set to collect the signatures next week for the meeting to be held on August 8, prior to the inauguration ceremony.

Regional Affairs

Russia: Chechen Leaders Claim Dudayev Alive, To Return 2 Aug

LD3107154196 Moscow ITAR-TASS in English 1519 GMT 31 Jul 96

[By ITAR-TASS Correspondents Alvi Karimov and Sergei Trofimov]

[FBIS Transcribed Text] GROZNYY, July 31 (Itar-Tass) — Notorious Chechen separatist leader Dzhokhar Dudayev, who is believed to be dead, is alive and will return to Chechnya on 2 August, according to Chechen rebel leaders.

An article on this matter based on information provided by one of the Chechen separatist leaders is expected to be published by the local newspaper Groznensky Rabochy on Thursday under the title "Has Dudayev Resurrected?"

There has been no information throwing light on Dudayev's disappearance on 21 April, but earlier reports said he had been killed by a missile near the village of Gekhi-Chu, 35 kilometers southwest of Groznyy.

Chechen field commander Salman Raduyev, whose unexpected reappearance has caused a controversy in the republic and in Moscow, claims that Dudayev is alive.

However, other members of the Chechen opposition, including Dudayev's wife, Alla, have denied this.

Moreover, Sergey Stepashin, the executive secretary of the state commission for the settlement of the Chechen conflict, said at a news conference on 19 July that he was "100 percent sure" that Dudayev was dead.

Russia: Chechen Opposition, Government Deny Dudayev Rumors

LD0108075096 Moscow INTERFAX in English 0735 GMT 1 Aug 96

[FBIS Transcribed Text] SOUTHERN CHECHNYA, August 1 (Interfax) — The Chechen opposition's foreign ministry has described as "rubbish" the circulated news that the Chechen leader Dzhokhar Dudayev is alive and is going to appear in Chechnya even tomorrow.

A spokesman for the separatists suggested in an interview with Interfax today that this information is being spread by the Russian special services to distract the public from events in Chechnya, where, according to the opposition, fighting has been proceeding from "local and sporadic" to massive in scale.

The source predicts that while all media will harp on this rumor, news that "Russian aircraft bomb villages, killing civilians, will go to the background."

In regard to field commander Raduyev's remarks that Dudayev is alive, the source said that the opposition itself has been puzzled by them, however, "after the difficult physical and moral trauma of this man, such remarks are quite explicable."

[Moscow INTERFAX in English at 0736 GMT on 1 August adds: "The report by the Groznenskiy Rabochiy newspaper that the late separatist leader Dzhokhar Dudayev is expected to emerge in Chechnya on Friday is 'another canard,' Deputy Prime Minister of Chechnya's Moscow-backed government Abdula Bugayev told Interfax on Thursday.

"'To our deep regret such fantasies are readily picked up by some Russian news media. In our republic there are other important problems that need to be written about,' Bugayev said."]

Russia: Lobov Interviewed on Funds for Rebuilding Chechnya

MM3107160496 Moscow ROSSIYSKIYE VESTI in Russian 31 Jul 96 p 2

[Report by Tamara Rudskaya on interview with Russian First Vice Premier Oleg Lobov; place and date not given: "Oleg Lobov: Chechnya Must Not Be Conquered But Taken by Peace"]

[FBIS Translated Text] ...Recently the State Duma, when considering a list of targeted federal programs, rejected additions to the budget concerning the allocation of funds for Chechnya's reconstruction. It rejected them a second time. Although there are presidential directives and understanding within the government on

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this subject. First Vice Premier Oleg Lobov is one of those who believe that the path of construction is the shortest way to peace in Chechnya.

What exactly is the reasoning of a person who has already been living amid the extraordinary Chechen situation for over a year. Judging from his latest address to State Duma deputies, there is and can be no alternative to peace accords in Moscow and Nazran. The war's continuation is futile and plays into the hands, on the one hand, of those who want to see Chechnya as a free republic of Ichkeria in spite of the interests of Russia's integrity, and, on the other hand, of shady structures in Moscow which are cooperating hand in glove with the bandits.

As secretary of the Russian Security Council Oleg Lobov was one of the coauthors of the project to restructure local self-government organs in Chechnya and to define its role and place as a Russian Federation component.

"It is only in that way," Lobov stressed in answer to my question, "it is only in the legal constitutional field that the future of the republic and its people can be decided. It can be given, as the saying goes, as much sovereignty as it can take and granted any amount of powers — but as an integral part of Russia."

In all probability the first vice premier's opinion reflects the position of the State Commission for a Settlement in the Chechen Republic, whose economic working group Lobov heads. Despite his recent departure from the post of secretary of the Russian Security Council, he obviously has at his fingertips all the information on the military situation in the country's trouble spot — which was evidenced by the aforementioned distinctive report to the State Duma.

The Nazran treaty is being torpedoed from two sides at once — by the extremists from Chechnya and the extremists from democracy. Obviously, General Aleksandr Lebed, who is seriously preparing for his peace march on Chechnya, will bring something new to the war situation under the heading of a peace treaty, but for the time being Lobov believes that simply to withdraw troops, as demanded by Sergey Kovalev, for example, in his open letter to the president (read out in the Duma by Sergey Yushenkov), would mean letting the gunmen in there and would leave the republic at the mercy of their "order." After all, it is already obvious that Yandarbiyev's supporters do not control all armed groupings, and the resurrected Salman Raduyev provides 100-percent confirmation of this obvious fact. But even without him the carnage continues: According to Lobov's evidence 73 military personnel have died, 385 have been wounded, and gunmen have provoked a total of 727 clashes in the recent past alone since the peace accords were reached.

[Rudskaya] Yet you, Oleg Ivanovich, still insist on the priorities of peaceful construction in Chechnya even in these military conditions?

[Lobov] I do. There are more and more demilitarized zones in the republic. While the bandits' resources for expanding them and for rocking the stabilization wherever there is no shooting are getting smaller and smaller. Judge for yourselves: Why have the people suddenly stopped assembling for the mass protest rallies which rocked Groznyy in 1995? At that time Dudayev's supporters had money to pay for this supposed people's anger, but the money ran out and the rallies died a death. Weapons are nonetheless being surrendered voluntarily: Right after the talks four armored personnel carriers, several "Grad" rocket launchers, several thousand automatic weapons, and tens of tonnes of explosives rolled up and were surrendered. This means that more and more people are getting tired of bearing arms and that peaceful occupations are needed. But what occupations if unemployment in Chechnya is approaching 70 percent? And it is increasingly young people, young guys, whom the bandits have mainly recruited. They must be found jobs as a matter of priority. Doku Zavgayev and I also found a very interesting solution regarding job creation in Chechnya — tax exemption for those regions which are willing to help restore the national economy in the republic. This is Yuriy Mikhaylovich Luzhkov's famous trillion program: One trillion [rubles] can be collected throughout the country toward writing off some of the regions' debts. [Lobov ends]

...It is clear that, while bequeathing his young Security Council successor a range of military questions, primarily regarding Chechnya, the former Council secretary is concentrating on economic problems, of which he is in charge according to the pecking order. "Chechnya must not be conquered but taken by peace," Lobov is convinced. "Through reform in the sphere of the agrarian sector and in the service sector, and by restructuring the industrial sector. With the aid of a specific youth program: By having young people serve in the Army (including on an alternative basis) and letting them study at Russian higher educational institutes and technical colleges. Of course, within Chechnya itself the education and health care systems and burned-out cultural centers must be restored as quickly as possible. We worked out what this would cost — it turned out that around 16 trillion rubles [R] is needed for the year. But only R2 trillion was received in the first half-year.

"I take the question of funding the restoration work in Chechnya very seriously," Lobov stresses. "There is

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no spare money in the Russian budget, and therefore every ruble has to be counted and accounted for by the Finance Ministry and Economy Ministry in order to close off as far as possible the channels via which financial resources are not used for the intended purpose or via which the most blatant thefts occur. But what has now been invested in Chechnya is not nonrepayable funds. And monetary aid is not always exactly what it needs. After all, much that the ruined Chechen economy needs is sitting idle at enterprises' storehouses not only in Russia but also in CIS republics which are in debt to it — this opportunity must be taken advantage of. Especially as Kazakhstan and Ukraine, for example, are prepared for this. There are even treaties on economic and cultural cooperation between Chechnya and Kabardino-Balkaria, North Ossetia, Rostov Oblast, and Krasnodar and Stavropol Krays which are already operating."

...The Duma has refused to allocate the money. But surely peace is more precious than money.

Russia: Zavgayev Address to Chechen Diaspora Reported

LD3107141696 Moscow Mayak Radio Network in Russian 1251 GMT 31 Jul 96

[FBIS Translated Text] A meeting has taken place in Moscow between Doku Zavgayev, head of the Chechen Republic, and representatives of the Chechen diaspora in the capital. Vyacheslav Mikhaylov, the minister for Nationalities and Federal Relations, took part in this meeting. Our correspondent Yevgeniy Osipovskiy reports.

[Begin recording] [Osipovskiy] The meeting took place before a large assembly of interested persons. I will omit the introductory words of Vyacheslav Mikhaylov and Doku Zavgayev. They were devoted to the situation in Chechnya and the prospects for the internal Chechen dialogue and the talks with the Centre. I will single out just one excerpt which the head of the Chechen Republic made with unconcealed pride:

[Zavgayev] Today is the eighth day that no bomb has fallen and not one shot has been fired on the territory of the Chechen Republic and I state this with full responsibility. Although, unfortunately, television does show such terrible pictures, these have indeed occurred, but not in the past eight days.

[Osipovskiy] The greatest interest was aroused by replies to questions. Moreover, the questions and answers were very much to the point. Many conjectures were dispelled, but many bitter suppositions were confirmed also. I would like to cite the most important replies. For example, in response to a question about the withdrawal of federal forces from Chechnya, Doku Zavgayev gave this reply:

[Zavgayev] Those who are holding rallies and those who stand behind them and those who will soon have to bear responsibility for the plundering of the republic, these do not want the forces to withdraw. And why do they not want this? Well just imagine what happens after the forces withdraw, leaving behind these embezzlers of public funds who have brought this tragedy onto the people, what will their fate be? Surely, it is not difficult to imagine. When they remain with the 1 million-strong humiliated and robbed Chechen people, some of whose villages have graveyards bigger than the villages, I would like to look at the state of these people.

[Osipovskiy] In his turn Vyacheslav Mikhaylov had to dispel the rumor that the federal forces included prisoners released from jail to fight against the Chechens.

[Mikhaylov] No re-uniformed contract soldiers have been brought to the Chechen Republic by force. This is a fabrication which, unfortunately, is being circulated. You are saying that someone got drunk somewhere or did something else; if so, then they violated the rules and examples have been given of tens of criminal cases which have been brought against such occurrences. And do you think that these men who are there want this war?

[Osipovskiy] A line was also drawn under one gloomy page of this war. On the subject of screening points [where suspected separatists were held] Doku Zavgayev stated:

[Zavgayev] Yes, indeed, those who found themselves in the screening points were ill-treated, such cases did occur. Criminal cases have been instituted about them. But when I came in and when the elections were held, I achieved the elimination of all screening points on the territory of the Chechen Republic. Today there are none. If you say that they used to exist, yes they did. Are there any today? No. Why not? Because we put an end to them.

[Osipovskiy] On the whole, as a result of this meeting I got the impression that today a single family had assembled here, worried and concerned about its future and going through difficult times. But when danger threatens a feeling of self-preservation comes into play. That is why there were no hawks here but only people who, each in their own way, sees the paths to peace in Chechnya, but only to peace. [end recording]

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Russia: Interior Minister Rejects 'Military Means' in Chechnya

LD3107140096 Moscow Russian Television Network in Russian 1000 GMT 31 Jul 96

[From the "Vesti" newscast]

[FBIS Translated Text] Russian Interior Minister Anatoliy Kulikov today expressed his views on the Chechen conflict.

[Begin Kulikov recording] Unfortunately, nobody can probably offer a clear path or define the boundaries of that path — the path that can take us out of the Chechen crisis. This problem cannot be resolved by military means. All we have are political solutions. [end recording]

Anatoliy Kulikov believes that at present we can rely on the lawful forces existing in Chechnya; that is, on the forces of law enforcement authorities. The interior minister proposed increasing the numerical strength of the Chechen militia, adding 15,000 militiamen to the existing 11,000. Regarding Moscow explosions, Anatoliy Kulikov said that this issue was tackled mainly by the Federal Security Service. But the general had information about new witnesses having appeared in that case. Possibly his deeper knowledge of the situation helps Kulikov keep the view that he once voiced.

[Begin Kulikov recording] Yes, I confirm that there is a trace of Chechens in all those incidents. This does not mean that these were necessarily Chechens by nationality. Basayev — indeed, mainly Basayev — stated many times that they had many ways of finding Slavs for the executor's role. [end recording]

The minister believes that there are signs of a split in the ranks of separatists. One particular person is perhaps the most dangerous.

[Begin Kulikov recording] This is Raduyev. After Dudayev's death ...[pauses] There is perhaps less doubt about Dudayev's death, although his body was not identified by anybody. There is about 80 percent probability that this was Raduyev [as heard]. That was the conclusion of our forensic experts. [end recording]

Russia: Udugov Says Kvashnin-Maskhadov Meeting Not To Take Place

LD3107133096 Moscow Radiostantsiya Ekho Moskvy in Russian 1200 GMT 31 Jul 96

[FBIS Translated Text] There will be no meeting between Anatoliy Kvashnin and Aslan Maskhadov in the near future, judging by the statements by the Chechen opposition, our radio station has been told by Movladi Udugov, the press minister in the opposition government.

[Begin Udugov recording] It won't take place, not just because of technical reasons — since hostilities are impeding movements and so on — but also on moral grounds, since the Russian special services are virtually gunning for the political and military leadership of the Chechen republic of Ichkeria. There cannot be any discussion about the meeting on moral grounds since the hostilities are continuing; the civilian population is being killed en masse; the Chechen settlements are being subjected to vacuum and depth bombs, and women, elderly people, and children are being killed. [end recording]

Russia: Military Situation in Chechnya Detailed

LD0108115896 Moscow Russian Television Network in Russian 1000 GMT 1 Aug 96

[Report by A. Sladkov; from the "Vesti" newscast]

[FBIS Translated Text] The period of neither peace nor war continues in Chechnya. The main events are taking place in the mountains. Fighters are waging subversive mine warfare and firing on the troops' positions. The military is organizing ambushes and carrying out reconnaissance operations. Three servicemen have been blown up on a mine over the past 24 hours, all of them are seriously wounded. [video shows a serviceman being loaded into a helicopter on a stretcher, tanks, Grad launchers, helicopter, shelling in mountainous areas]

In the east, in Vedenskiy District, the fighters launched a missile and knocked out a tank and an infantry fighting vehicle. Brief clashes took place near the villages of Tsentoroy and Bachi-Yurt.

A helicopter was damaged by an anti-tank guided missile near the village of Belty in the relatively calm Kurchaloyskiy District.

It is surprisingly calm in the west of the republic near Bamut.

Hostilities are continuing in the south — in the mountains of Shatoyskiy District. Here both the fighters and the military are at their bases and exchanging fire. The fighters are the ones who seem to be gaining from it. The troops are intensively using Grad launchers and artillery to suppress their fire, this has little success here as it requires regular supplies of ammunition and fuel, which is difficult in the mountains.

According to the military, over the past 24 hours eight vehicles of the fighters were destroyed. Altogether over the past 24 hours, eight servicemen were killed and 21 wounded.

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Economic Issues

Russia: Yeltsin Edict on Financial Control

MM0108125696 Moscow ROSSIYSKAYA GAZETA in Russian 1 Aug 96 p 3

[Russian Federation Presidential Edict No. 1095 "On Measures To Ensure State Financial Control in the Russian Federation"]

[FBIS Translated Text] Moscow, Kremlin, 25 July 1996 — With a view to ensuring proper control over the formation of state revenue and its rational use and also to improving the collaboration and coordination of the activity of the control organs in the Russian Federation I decree:

1. That it be established that the Russian Federation state financial control includes control over the execution of the federal budget and the budgets of the federal nonbudget funds, the organization of money circulation, the status of the state domestic and foreign debt and state reserves, and the granting of financial and tax benefits and concessions.

2. That state financial control in accordance with the demarcation of functions and powers enshrined by Russian Federation legislation is assigned to the Russian Federation Comptroller's Office, the Central Bank of the Russian Federation, the Russian Federation Ministry of Finances (main administration of the federal treasury and the control and auditing administration), the Russian Federation State taxation Service, the Russian Federation State Customs Committee, the Russian Federal Service for Currency and export Control, the control and auditing organs of the federal organs of executive power, and also other organs which control the receipt and expenditure of money from the federal budget and federal nonbudgetary funds.

3. That the following be determined as the main priorities for state financial control for 1996:

Control over the full and timely receipt of all types of state revenue, insurance contributions to the Russian Federation Pension Fund, and other federal nonbdugetary funds and also of credit and loan money channeled into financing the federal budget deficit;

Control over the prompt financing of expenditure on the social sphere in terms of volumes, structure, and purpose, including for the remuneration of labor (wages), the payment of pensions, grants, and benefits, and other social payments.

4. That it be deemed essential for the relevant controlling financial organs to hold at least once a year comprehensive audits and itemized checks on receipts and expenditure of budget funds in the federal organs of executive power and also at enterprises and in institutions and organizations using federal budget funds.

The money spent illegally or inappropriately and revenue received from its use is liable to reimbursement according to instructions from the relevant organs of state financial control within one month of the discovery of these violations.

5. That the Russian Federation Government with the participation of the Russian Federation president's main state law administration prepare within a month and provide for submission to the Russian Federation Federal Assembly State Duma:

the draft federal law "On State Financial Control in the Russian Federation;"

the drafts of changes and additions to the code on administrative law violations of the Russian Federation, to the Russian Soviet Federated Socialist Republic Criminal Code, to the Russian Federation Civil Code, and to other normative acts providing for the personal liability of leaders and officials of the federal organs of executive power, the leaders of enterprises, institutions, and organizations for the belated, inappropriate, or incomplete financing of expenditure as a result of the decisions they have made or the actions they have taken.

[Signed] Russian Federation President B. Yeltsin.

Russia: Yeltsin Signs Convertibility Law for Belarus Ruble

LD0108110796 Moscow ITAR-TASS in English 1029 GMT 1 Aug 96

[FBIS Transcribed Text] MOSCOW, August 1 (ITAR-TASS) — President Boris Yeltsin on Wednesday signed a federal law ratifying the agreement on mutual convertibility and stabilisation of the Russian and Belarus roubles, the presidential press service reported.

The agreement between the Russian government, Central Bank of Russia and Belarus government was signed in Minsk on January 6, 1995 and ratified by the Russian State Duma on July 12 and by the Federation Council on July 17.

The Belarus parliament had ratified it earlier, in February of 1995.

The signatories undertake to start programmes to form an effective system of bilateral settlements and secure the cofunctioning of interior currency markets in Russia and Belarus.

The two states' national banks will regularly publish biweekly market quotations of the Russian and Belarus rouble against each other and the U.S. dollar.

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The law allows factories and businesses of Russia and Belarus to use in settlements and loans the Russian and Belarus roubles and, on agreement, freely convertible currencies.

Russia: Economics Minister on Money Supply, Foreign Investment

LD3107110196 Moscow INTERFAX in English 1037 GMT 31 Jul 96

[FBIS Transcribed Text] MOSCOW, 31 Jul (INTERFAX) — Russian Economics Minister Yevgeniy Yasin reported that the volume of monetary emission in the country this year was "rather substantial," with money supply growing on average by 3 percent every month.

Addressing a news conference in the INTERFAX central office Wednesday, Yasin said that the monetary supply was growing at a pace "substantially outstripping" the growth in prices. The volume of monetary emission totalled about 25 trillion rubles from the beginning of 1996, with the monetary supply increasing by 10 trillion rubles in July alone.

Yasin categorically refuted statements regarding Russia's extremely tight financial policy, instead calling it "normal and even slightly excessive."

"Emission in volumes necessary for a normal economic turnover is being accomplished all the time. The emission in volumes able to cause a new burst of inflation is inadmissible and there will be no such emission, there should be no doubt regarding this," Yasin said.

The major problem concerns the fact that money "may be drawn away from taxation," but not that "there is no money in the economy," he said.

The volume of internal investments will be reduced by 10 percent this year compared with 1995, Yasin said. The volume of internal investments in Russia in 1996 will amount to 250 to 300 trillion rubles under the planned GDP totalling 2,300 trillion rubles. The volume of direct foreign investment in the Russian economy will be about $3 billion to $3.5 billion, according to Yasin's estimates. He predicts it will double next year.

Yasin spoke in favor of urgent measures to save the domestic textile industry which he said "has been practically liquidated," because its volume of production now is only 12 percent of 1990.

Russia: Economics Minister on Maritime Territory Energy Crisis

LD3107143296 Moscow Mayak Radio Network in Russian 1300 GMT 31 Jul 96

[FBIS Translated Text] The crisis in Maritime Territory's fuel and power complex arose, to a considerable extent, through the fault of the territory's administration. This was declared today at a meeting with the press in Moscow by Economics Minister Yevgeniy Yasin.

[Begin Yasin recording] Reckoning on the possibility of forcing out of the federal budget a greater amount of subsidies for maintaining electrical power engineering, the administration kept electricity charges, both for industrial users and, in particular, for the public, at a far lower level than in other regions. In Russia, on average, the latest data show that the cost of one kilowatt is 186 rubles [R]; there it is R197. But, then, in Moscow, the cost of one kilowatt is far higher, R280, and costs are higher there [i.e., in Maritime Territory]. It is necessary, as it were, to look at things realistically and not to rely on being able to milk the federal cow.

In general, that's not the only problem. There are problems elsewhere too. We made a special analysis of the situation and found out that the Dalenergo joint-stock company's debts consist, in over half of the instances, of nonpayments by wholesale resellers subordinate to the Territory's administration. I don't know who they are. I won't venture to say, but I suspect that they don't have the same sort of problems as at the Primorskaya electric station or among the miners in Partizansk. This problem should, of course, have been sorted out already.

The government is now working on the matter. Certain measures have been taken. By order of the prime minister, fuel oil has already been delivered there, then a certain sum of money was transferred, and we shall be meeting to settle the problem once and for all. [end recording]

Russia: Yasin on Revenue, Investment Prospects

MK3107105996 Moscow MOSKOVSKIYE NOVOSTI in Russian 28 Jul-4 Aug 96 No 30, (Signed to press 29 Jul 1996) pp 13, 19

[Interview with Economy Minister Yevgeniy Yasin by Andrey Denisov: "Yevgeniy Yasin: 'We Cannot Wait'" — place and date not given]

[FBIS Translated Text] The establishment of the government Headquarters for the Implementation of Urgent Measures To Stabilize the Economic Situation in the Country created the impression that the government is ready to introduce a state of emergency in the economy.

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Russian Federation Economy Minister Yevgeniy Yasin denies this idea in an interview with MOSKOVSKIYE NOVOSTI.

[Denisov] What are the headquarters' tasks, and why cannot they be addressed within the normal process of government activity?

[Yasin] It is an open secret that the federal budget is experiencing tremendous difficulties. The revenue shortfall in the first half of the year led to a heavy underfunding of many budget articles. The situation was objectively complicated by heavy wage arrears: In the first half of the year 50 percent of the receipts were directed to this purpose (incidentally, reports in the press that the headquarters made an express decision to remit 50 percent of revenues to the payment of wages were not correct: This is only what actually happened — by itself).

Now the government needs to take measures that could rectify the situation in the next two to three months. Yet there is a certain decisionmaking procedure that calls for prolonged coordination: It takes approximately three months for every paper to go through all the requisite stages. This is unacceptable in the present-day conditions. The headquarters' main task is to make sure that all the documents that are vital for the budget are worked out and approved as soon as possible. There is no element of "emergency" here, however.

[Denisov] What decisions will be given priority?

[Yasin] We act out of the following considerations. In recent years the state received tax charges mainly from enterprises, that are the most accessible to control. At the same time there is quite an large sphere in the economy that is taxed at a very low level. This primarily refers to a package of measures designed to boost revenues from the production and trade in alcoholic beverages. Both in czarist and Soviet times alcohol production accounted for 10-15 percent of aggregate budget revenues. At present it yields merely some 2 percent of the revenues because the state does not control alcohol production and distribution channels.

A special government resolution will ban the production of ethyl spirits and alcohol products from foreign partner's materials or the leasing of premises or facilities to distill such products. There are approximately 200 distilleries in the country. Oversight of them is the key element in the entire process of alcohol production and distribution. At present we have instances of an enterprise leasing, for a couple of days in a week, its premises and capacities to outside firms that, naturally, do not pay taxes but "share" [profits] with their lessors. This is absolutely inadmissible, and we even proposed that special tax oversight posts be introduced at such enterprises. Measures are being elaborated to tighten regulations for trade in alcoholic beverages. Because the numerous kiosks and stalls trade predominantly in contraband alcohol, it is proposed to establish that such beverages will be sold only via authorized outlets. Furthermore, it is planned to mark domestically produced liquor with excise stamps and to streamline procedures for the importation of alcoholic beverages with Russian Federation trade marks into Russia. This applies to both products fabricated and supplied by foreign firms (for instance, Kremlevskaya and Rasputin [vodka]) and the domestic brands Stolichnaya and Moskovskaya that are supplied from CIS countries.

[Denisov] How much will this boost the revenues?

[Yasin] We are hoping to get an additional 2 trillion rubles a month or so.

Yet it will be difficult to reach this level at once because of the "holes" in our borders, through which alcoholic beverages flood from Ukraine, Belarus, and Kazakhstan. Furthermore, underground production is still very widespread.

[Denisov] The resolution concerning small shuttle traders, just out, which is also part of the revenue boosting program, is receiving mixed comments. It is believed in particular that the proposed measures can undermine competition on the consumer market and "convert" shuttle traders into unemployed.

[Yasin] The actual situation is somewhat different. It is hardly necessary to explain to anybody that imports should be taxed. The existing customs duty mechanism is rather complex: Duty is charged on the basis of customs value which is to be assessed on each individual item. The shuttle traders, however, carry their goods in bulk, which seriously complicates the entire procedure. This leads to rampant corruption while the budget gets practically nothing. The main idea of the resolution is to introduce another procedure without increasing the rates. It is allowed to carry up to 50 kg duty-free; shipments between 50 and 200 kg are charged at 4 ECU's per kg; and shipments in excess of that are assessed at customs value. Furthermore, the duty-free export quota has been lowered from $2,000 to $1,000. In addition to raising shuttle trader revenues, we also have some other considerations. In its time light industry was one of the most important sources of budget revenue. Today it is the most crisis-prone sector, where production constitutes 13 percent of the 1990 level. The reason for that is not only poor management, inferior raw materials, and so forth but also the actually duty-free importation of enormous quantities of analogous goods from abroad. It is only natural that in such a

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situation the Russian enterprises find themselves unable to compete.

[Denisov] The government has adopted a resolution on price regulation in the gas sector. Is this a new onslaught on the natural monopolies?

[Yasin] As of last fall the government took up a proactive position in controlling natural monopoly prices. According to our estimates, the current fall in inflation is related not only to monetary policy but also to the tight oversight of the Railroads Ministry and the energy and gas producers.

The latest resolution on Gazprom addresses another problem: differentiation of prices by the region, factoring in gas delivery costs. I can only describe the situation where gas consumers in Tyumen Oblast, located next to the deposits, have to pay the same as consumers in Kuban, as hard to explain — to put it mildly. Coal production in the Rostov basin is becoming unprofitable, while in areas where natural gas production is actually cheaper, its price is high. All economic proportions have been warped. At the same time this problem cannot be resolved at one fell swoop because to some price differentiation will mean cheaper gas prices while to others it will mean higher prices, including higher export prices.

The situation in the energy sector is even more difficult: This industry has been, to a large extent, privatized. Although the Unified Power Grid of Russia holds controlling interests in all regional companies, we can control only the wholesale market. But here, too, there are some "objective" difficulties. For instance, the Irkutsk local administration flatly refuses to transmit energy from large power stations to the wholesale market. Meanwhile the Ust-Ilimsk pulp and paper plant has to buy power at very high prices, even though its premises are used by a thermal power station that was incorporated into the single energy system back in the Soviet times. The situation in the sector is complicated by that the population gets energy at preferential rates. This means that the energy workers have to offset the exemptions at the expense of industrial consumers, while the existing prices are unbreakable for many of them as it is.

[Denisov] Even so, from the strategic point of view, these ideas are nothing new: In some form or other streamlining of customs duties and control of the alcohol market and natural monopolies have been aired for a long time now.

[Yasin] We are not talking about emergency measures. As early as in July we expect the tax situation to start improving. It is only worrying that a substantial proportion of the revenues is constituted by tax exemptions. The Finance Ministry has come out with the idea to impose a limit on the payment of taxes with exemptions so that the payment period is extended.

[Denisov] Many are predicting an aggravation of the budget crisis in fall.

[Yasin] I do not think that there are any grounds for that. I believe that not even large T-bill redemptions in August-September will play a role here.

[Denisov] But, to all appearances, neither will there be an investment boom in fall. Are you not concerned by the absence of influx of foreign investments, expected after the election?

[Yasin] It is an illusion to expect that the flow of investments will come the day after the election. All companies make investment decisions once a year: in December. And they have not made a decision about investing in Russia in 1996. The only exception are oil and other companies engaged in the extraction of natural resources that long ago prepared contracts and were only waiting for a production sharing law. The implementation of many projects is already under way: It is enough to mention Sakhalin-1 and Sakhalin-2.

Yet, in spite of the inertial nature of the investment process, I expect a certain upswing already in the first half of this year. This primarily refers to the corporate paper and T-bill market (especially since the Central Bank liberalized the procedure for nonresidents). At the same time, as soon as the State Duma approves amendments to the production sharing law and the list of deposits, direct investments in the oil sector are bound to grow.

On the whole, we have a clear-cut plan: To at least double investments annually. In 1995 we managed to exceed this plan. There is reason to predict a growth both in the current year and in 1997.

Russia: Yasin Blames Criminal Structures for Nonpayment Problems

LD0108110196 Moscow Russian Public Television First Channel Network in Russian 1700 GMT 30 Jul 96

[FBIS Translated Text] It is no secret that budget subsidies do not always reach their destination. Yevgeniy Yasin, Russian economics minister, comments on this phenomenon:

[Begin recording] [Yasin] Let me simply illustrate this fact. There is the joint-stock company Dalenergo which is owed 1.321 trillion rubles as of 1 July. This is the sum they are owed. Who are the debtors? The federal budget—216 billion; debts from the local budget—55

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billion rubles, which is not much given the total figure of 1.3 trillion. So who are the main debtors? They are wholesale consumers and reselling agents, they account for 55 percent, or 729 billion rubles. Who are they? I can't tell, I don't know.

[Correspondent Natalya Chernyshova] But someone has a vested interest in that?

[Yasin] Someone has, naturally, someone is making a good living out of it because the money is indeed being allocated. One of the most difficult and important tasks that we are facing today is to cut off the criminal and semi-criminal channels through which state money is being drained away, because I will tell you frankly that apart from economic problems, there are things outside the economy, and we cannot cope with them on our own. A situation arises when we can take a sound decision which will not be implemented because it will go against someone's interests locally or along the way and these interests will turn things in a different direction.

I do not want to blame anybody because it is my principle not to accuse anyone before it has been proven in court. But I can say one thing, that of course the way governors and local authorities are handling the matter is far from the best.

[Chernyshova] Unfortunately, we cannot finish on a positive note because once again, you have taken a decision, once again you will need enough willpower, and once again it is failing, and once again everyone is pocketing money. And your Economics Ministry seems to serve not the state, as it were, but certain criminal structures.

[Yasin] Well, in general, we serve the state, after all, and this game of cops and robbers take place in every country, albeit we have it today on a somewhat exaggerated scale. But I would like to tell you simply that it is much more difficult to liberalize prices or privatize two-thirds of industry or achieve financial stabilization than to cope with the above phenomena. We have been paying the price of freedom, also in the way described, but nevertheless, freedom is more important, and we simply have to learn to live within the framework of the law, and we will attain this goal. [end recording] [video shows Yasin in an office]

Russia: Central Bank Creates Administration To Oversee Banks

MM3107171596 Moscow IZVESTIYA in Russian 31 Jul 96 p 2

[Report by Mikhail Berger: "Central Bank Special Service Comes Out From Underground"]

[FBIS Translated Text] The Central Bank has officially stated that it has a special subdivision designed to service and control Russia's biggest banks.

Talk that the Central Bank allegedly has a list of 25 or 30 commercial banks which will not be allowed to lose their wealth in any circumstances and that a special operational administration number 2 (OPERU-2) is being created to oversee them has been around for several weeks. But what is being done there in actual fact no one really knows

And now the board of directors of the Central Bank has approved a statute on the Central Bank OPERU-2. The Bank of Russia press service release says that OPERU-2 oversees major credit institutions on which the stability of the banking system and the financial markets depends.

The oversight will indeed be special since it is planned to "place" up to five employees for each supervised bank (usually one staffer from the monitoring department is in charge of 100 and more banks). The powers of the Central Bank "special service" include the use of all measures of influence with regard to the banks under its supervision right up to the restriction of operations and the replacement of leaders. OPERU-2 can also petition for the appointment of a temporary administration or the repeal of a license.

As of today five banks have come under the tutelage of OPERU-2: The Avtobank, Agro-Industrial Bank, Foreign Trade Bank of Russia, Menatep, and the International Finance Company. In the very near future the Savings Bank will join them. With time the list will be substantially expanded.

The 30-year-old Denis Kiselev heads the new subdivision. He studied at the Moscow State University (he is a candidate of economic sciences) and has a similar degree from Ohio State University (United States). Before working in the Central Bank Kiselev worked in the International Bank of Reconstruction and Development and then headed a financial company.

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Russia: Central Bank Will Continue Printing Money

MK3107073896 Moscow SEGODNYA in Russian 30 Jul 96 p 1

[Report by Olga Romanova: "Money Printing Is Efferalgan Upsa for the National Economy"]

[FBIS Translated Text] Money printing has ceased to be the "opium for the national economy." This widely known and very popular (especially at the Finance Ministry) aphorism by Grigoriy Sokolnikov, one of the first people's commissars of finances, is losing its significance right before our eyes. Taking more recent utterances into consideration — "inflation has ceased to be an end in itself for us" (Aleksandr Livshits, an aide to the president) and "as regards inflation, you have exceeded the norm too much" (Stanley Fisher, deputy director of the IMF) — today's aphorism should ring as follows: "Money printing is a doping for the Russian economy." Since, however, everyone knows that the latter is still sick but is about to start recovering — which is hampered, among other things, by a low level of its monetization (the saturation of the economy with money, which stands at 13 percent using our calculation method and 16 percent using that of the IMF, i.e., taking money supply into account) — we can say that from this viewpoint money printing is an Efferalgan Upsa [medicine, widely advertised as universal remedy] for the national economy.

Incidentally, some time ago very competent experts who are at the helm of the Russian economy started to hint that a rise in inflation is triggered almost entirely by inflationary expectations. Since, however, the rate of price growth was slowed down rather rapidly and reduced to a sustained level of 1.5-1.2 percent a month — being, in addition, suppressed by the assurances of the government, the Central Bank, and the IMF that future developments will be, at a minimum, on the same lines — market components stopped to include this no longer warranted superdividend into prices.

Nonetheless, the adherence to rigid monetary restrictions, which has been publicly confirmed by Sergey Dubinin, head of the Central Bank, more than once, does not signify in the least that the economy no longer needs money — and it does receive money. Last week, the Central Bank made public the figure for money printed in June: 10.5 trillion rubles. The figure for May, 0.9 trillion rubles, was almost 12 times as low. In total, 25.1 trillion rubles were put into circulation in the first six months of the year.

"The figure for money printing in June is not an indicator which should evoke a harsh response," Sergey Aleksashenko, first deputy chairman of the Central Bank, told SEGODNYA. Indeed, the record figure of 10.5 trillion was due to an unfortunate coincidence of two factors: first, the confiscation of the Central Bank's profit of 5 trillion rubles by the budget in June under a law which had been speedily passed by the State Duma; and, second, mass withdrawal of hard-currency deposits from banks by irresponsible or unduly nervous citizens on the eve of the election. It is possible, however, that people were simply going on vacation and could not have cared less about solving the political crisis, which, at the same time, ruined Tveruniversalbank (according to the version of its former leaders). It is obvious that the two emission cases are both indirectly and directly related to the election.

Incidentally, the previous upsurge in money printing was observed precisely during the previous election in December. That time, 10.2 trillion rubles were put into circulation. Sergey Aleksashenko said that the December money rain was a completely seasonal phenomenon, caused by payments, including the "13th monthly wage," on the eve of the New Year. According to the first deputy chairman of the Central Bank, there is nothing extraordinary in that the volume of money printed in December is normally, on average, twice as high as in January, and that this does not require any emergency measures. There have always been waves of emission, but there is only a storm if the boat bearing the imposing name of "Economic Reforms" is sailed into the waves.

The economy will be saturated with money since the execution of the budget is also dependent on this. Money is needed in order to untie or at least loosen the tangle of nonpayments, which threatens to get transformed into a Spanish necktie, to pay wages and compensation as promised, and to hold the line on the GKO [short-term state securities] front, to say nothing about preelection support of various sectors and industries. This has been long known by Aleksandr Livshits, who said on the eve of the second round that inflation rate would be brought to 2 percent a month by December, although, in accordance with the IMF's conditions, this figure was to be nearly twice as low. In addition, it should be taken into consideration that the end of the time lag between money printing and its actual effect on the market falls precisely on new, gubernatorial, elections in September-December.

So, everything is fine, gentlemen. The Central Bank will not deviate from the rigid course, but, at the same time, the economy will at least stay the pangs of hunger, even if it fails to become satiated with money (which is dangerous since overeating is harmful). Incidentally, according to the Central Bank's data for last Thursday

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[25 July], the rise in money printing in July will be zero. That is, records will not be beaten, but the wonderfully rounded figure of 10 trillion will not let the economy wither also this month.

Russia: Duma Criticized for 'Sinking' Law on Output Sharing

MM3107115696 Moscow ROSSIYSKAYA GAZETA in Russian 27 Jul 96 p 10

[Report by Yevgeniy Tikhonov: "Duma's Vigilance Saves Country From Investments"]

[FBIS Translated Text] Some sort of evil destiny is plaguing the law "On Output Sharing Agreements," which promises multibillion investments in the Russian economy. It came into being amid the birth pangs and struggles of strong feelings in December of last year. Now the State Duma has blocked the legal acts without which the document cannot start functioning.

There are two such laws. One defines amendments that should be made to federal laws (those on minerals, customs tariffs, excises, value-added tax, profits tax, and so forth) in connection with the introduction of the law on output sharing agreements. The second is a list of deposits that it is proposed to exploit under the terms of output sharing agreements.

The Duma refused to examine the list altogether, claiming sheer fatigue (it was parliament's last working day before the summer recess). It rejected the amendments law (by 150 votes to 148).

However, this outcome could have been expected, seeing how assiduously both laws were "squeezed out" of the spring session and the final plenary meeting. Opponents of the draft laws were not persuaded even by the positive assessment given to them by the State Duma Committee for Economic Policy headed by Yuriy Maslyukov, whom it is hard to suspect of sympathizing with our current executive (a very rare occurrence: The Duma Council put two committees at once in charge of presenting the draft laws to parliament, evidently not trusting the "Yabloko-dominated" Committee for Natural Resources and the Use of Nature). As for the arguments adduced by the draft laws' supporters, what is there to say — the left-wing majority simply did not want to listen to them. The laws' opponents harped on about selling off national assets, about privileges to foreigners, and the need to carry out yet another (just how many is it now?) expert study....

But the height of absurdity was that, by sinking the law already at first reading, the deputies effectively refused to confirm the operation of the law on output sharing agreements. In view of the fact that both draft laws were prepared by the government, but the outcome of the vote was predetermined by Communists, Agrarians, and Ryzhkov's supporters (virtually none of Zhirinovskiy's supporters voted), it becomes obvious that all this has absolutely nothing to do with the economy. It is a straightforward postelection settling of scores with a political opponent. It is not pertinent to mention the country or the people in cases like this.

Aleksey Mikhaylov, chairman of the State Duma Committee for Natural Resources and the Use of Nature, looked upset after the hearings. It had been expected that by the end of the year five or six agreements worth approximately $100 billion would be concluded with investors on output sharing terms. Now all these plans are in serious doubt. It will also be hard to implement the three projects for which agreements have already been reached.

State Duma expert Mikhail Subbotin believes that the current year has been wasted because of the State Duma's intransigence. And it is not clear what lies in store for us next year.

Russia: Government's Economic Policy Attacked

MM0108121496 Moscow PRAVDA PYAT in Russian 31 Jul 96 p 2

[Article by Vladimir Kucherenko under the "Economy" rubric: "Convulsions Have Already Begun"]

[FBIS Translated Text] B. Yeltsin's sudden transformation into a 1991-style liberal and the rout of the national capitalist wing in his entourage are far from accidental. It is simply that the "triumphant" Yeltsin is encountering a budget catastrophe.

He needs financial aid from the West and a cash injection from the IMF — otherwise his hastily cobbled together "state" will collapse like an airplane that has run out of fuel.

The fuel in this case is money in the budget. The arrears of both the federal and the regional budgets reached 75 trillion rubles [R] in the first six months of the year. The Pension Fund is R14 trillion short.

Everything is under threat: the funding of the Army, the MVD [Ministry of Internal Affairs], jails, science, medicine, transportation, security systems. Not to mention a thousand other aspects.

Premier Chernomyrdin's speeches sound like a barrel organ. We heard the same thing last year, two years ago, three years ago. And this is an admission that nothing good has been achieved in all the years of the reforms. And the current crisis is not an economic, but a state crisis.

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The state, the rule of law, and discipline are nonexistent — and Chernomyrdin complains. Taxes are not being collected, and the government is not receiving the proper revenue from its property. It is obvious why: Everything is simply being pilfered.

And everyone is keeping quiet about one thing: that it is **physically impossible** to collect taxes. Because, following the Chubays-Gaydar manipulation of the money supply, there are insufficient rubles in the economy. And those rubles that there are, circulate in Moscow and the major cities, serving not production but thoroughgoing mafia and tax-evasion trade. Barter reigns everywhere, as in the Middle Ages.

It is necessary to skillfully inject new money into the economy — under the control of the special services — through special structures and promissory notes, giving a "jolt" to powerhouse projects such as purchasing airplanes for the civilian fleet, housing construction, and ship building. And what is known as high technologies.

But the IMF forbids this path. It wants Russia to borrow money from the West and sink into debt bondage. So that one fine day we lose the last remnants of our complex industry, our food, and military strength. While reconciling ourselves to the Baltic countries joining NATO.

The serious budget revenue crisis is forcing the authorities to squeeze the last juice out of industry through heavy taxes. As a result of which the production of consumer goods has already collapsed.

So our market is being flooded with Turkish consumer goods, which are ferried in by tens of millions of "shuttle" traders, as numerous as ants. They have long since ceased to pay any customs duties, having bought up the mercenary customs officers wholesale.

Before the presidential elections the authorities tried not to touch the "shuttle traders." Because they constitute a loyal electorate for Yeltsin. But the elections were held — and 5 July Chernomyrdin announced his intention to tighten up the collection of duties from "shuttle traders."

The money collected from them will not darn the holes in the budget. Nor will Russia's industry be revived. On the other hand, scores of "shuttle traders" could be ruined, and consumer goods will become dearer throughout the country.

The regime's economic convulsions have already begun. True, we will all feel the pain. Another symptom of the crisis is the jam on the short-term state securities market.

This was fixed for us by Chubays. From 1994 onward the government began to borrow money from the banks under short-term state securities at high interests rates — for every ruble borrowed it has to give back two. In order to pay the debt it has to borrow again and again and more and more. An "MMM" type pyramid was constructed. And 5 July the limit was reached — Chernomyrdin announced a restriction on borrowing under short-term state securities.

The debt represented by these securities reached R150 trillion. The government is not able to repay this money. And Chernomyrdin has announced his intention to start selling to foreigners and nonresidents so-called Eurobonds. Borrowing the money from the West.

And the promises to settle up with budget-financed workers and to start implementing large-scale programs, about which Yeltsin pontificated before the presidential elections, turn out to be so much hot air.

Russia: Cut in Customs Allowance Seen as Harmful

MM0108114896 Moscow ROSSIYSKAYA GAZETA in Russian 30 Jul 96 p 3

[Article by Vladimir Kuzmishchev: "They Look for What They Have Lost Not Where They Lost It But Where The Light Is Brightest"]

[FBIS Translated Text] Whenever I see officials trying to patch up holes in the state budget by robbing Peter to pay Paul I am reminded of the old joke about the drunk who, having lost his purse somewhere, looks for it under a street light solely because it is brighter there.

Yes, attempts are, of course, being made to bring the major nonpaying enterprises to heel, but it eventually becomes clear every time that those enterprises have fully justified reasons. And the matter does not go beyond mere declaration. Therefore they seek to get the money where it is easiest to find, that is to say from your pocket and mine.

This time they have picked our pockets with the help of Government Decree No. 808, according to which, as of 1 August 1996, it will be possible to transport duty-free across the Russian border goods to the value of only $1,000 rather than $2,000, as is the case today. If you have more goods you will have to pay 30 percent of their customs value or at least 4 ECUs (a little over $5) per kilogram. If the weight of the imported goods exceeds 500 kg or its value more than $10,000 it will be necessary to pay for it as a consignment of goods rather than baggage.

Put yourself in the place of the state officials preparing this decree. The logic is unimpeachable here. According to the lowest estimates, $10 billion circulates between the customs posts and the market stalls without ever coming into contact with the budget. According to other

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estimates, a sum five times larger escapes tax, and it could also bring the treasury $10 billion "greenbacks." If, say, as much were to be put into investment it would be possible to speak with certainty of a coming industrial upturn.

All the taxes are, of course, paid by the "shuttle traders" not to the state but to the bosses of shady business. Moreover, according to government representatives, the decree is not specifically aimed at the "shuttle traders" but at everyone who crosses the border. Its aim is to protect domestic production and harmonize with generally accepted customs practice.

But let us look at this situation now from the standpoint of ordinary people, for whom their own budget is more important than the state's, particularly as it is often not even regularly augmented by their pretty small wage packet or miserable pension. If in a few years' time an artist wants to create a painting of our times he could depict a market trader at a god-forsaken railroad halt standing by his stall with the wind causing a Turkish or Chinese leather jacket to rock on its hanger. The "shuttle traders" get to the most out-of-the-way places with their goods. They have been clothing us for many years. This trader's customers will recoil at the price lists in the stores where goods arrive from abroad by a more civilized means. As for domestic producers, the majority of them foundered at the first sign of competition. Those who are now getting on their feet will still take a long time before they are able to meet the needs of our huge market. The "shuttle traders'" real bosses are hardly going to take into account the difficulties created for them by the state and reduce their levies. You and I will have to try to make up elsewhere for the increased prices in the markets — an increase produced by government officials.

Moreover, in the opinion of Moscow Mayor Luzhkov, the "shuttle traders" do not earn so very much. The introduction of the new duties could lead to unemployment. Ten million Russian "shuttle traders" together with their families come to 30 million people in all who demand nothing from the state but, on the contrary, create new jobs and supply the country with goods. They account for one-third of Russia's imports. The interdictions will produce nothing but attempts to avoid them at any cost.

And what will be the ultimate outcome, then? It transpires that the state pays budget-financed workers their long-awaited wages with one hand while picking their pocket with the other, since the "new Russians" and those approaching that social status buy nothing from "shuttle traders." They mainly comprise people who do not slave away for the state. Moreover, the possibility of a substantial increase in the army of the unemployed cannot be excluded either — which will again be another heavy burden on the treasury. Our people are forbearing: If you told them that the difference in prices would be going toward, say, developing similar domestic production, they might well understand the need for such a measure. However, no one in government is saying that now, being firmly aware that the money will go toward plugging the holes in the budget.

And there is yet another detail which points to the thrust of the decree's main attack, which is aimed not even at the "shuttle traders" but at you and me. Anyone who has had occasion even once to observe "shuttle traders" bringing their goods in will be well aware, notably from the traders themselves, that when they declare goods worth $2,000 they bring in at least four times as much. The "shuttle traders" are old hands and know how to manipulate the value of goods to their own advantage. The customs officers are aware of this too, and this knowledge of theirs is not always aimed at looking after state interests.

Incidentally, the raising of duties on imported foreign cars with engine capacities above 1,600 cc has been introduced on the quiet. You will now have to pay more than 70 percent of the cost of the vehicle in taxes. Slight allowances are envisaged for those who have worked abroad for more than six months. In neither case will such boarding up of the gates to our market be conducive to progress.

Russia: Government Decree on Regulating Natural Gas Prices

MM3107135496 Moscow ROSSIYSKAYA GAZETA in Russian 27 Jul 96 p 4

[Russian Federation Government Decree No. 863, dated 17 July 1996, Moscow, and signed by V. Chernomyrdin: "On Improving State Regulation of Natural Gas Prices"]

[FBIS Translated Text] With a view to improving the state regulation of natural gas prices, the Russian Federation Government decrees:

1. It is laid down that in 1996 the regulation of wholesale prices for natural gas sold by organizations of the "Gazprom" Russian Joint-Stock Company to gas distribution organizations and prices for natural gas sold by organizations of the "Gazprom" Russian Joint-Stock Company direct to end consumers is to be carried out by the Russian Federation Federal Energy Commission.

Price regulation is to be carried out by means of the establishment of economically substantiated levels (upper limits) for natural gas prices in accordance with the requirements of Articles 6 and 12 of the Federal

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Law "On Natural Monopolies" (SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII, 1995, No. 34, p3426). The term of validity of the prices set must not be less than three months.

2. The Russian Federation Federal Energy Commission, the Russian Federation Ministry of the Economy, the Russian Federation Ministry of Finance, and the Russian Federation Ministry of Fuel and Energy, with the participation of the "Gazprom" Russian Joint-Stock Company and the "Rosgazifikatsiya" Joint-Stock Company, are to formulate in the second half of 1996 a procedure for establishing differentials in wholesale prices for natural gas taking into account the varying costs of its transportation from the site of extraction to the consumer, as well as other factors, and are to submit the said procedure to the Russian Federation Government.

3. The Russian Federation Federal Energy Commission, with the participation of the "Rosgazifikatsiya" Joint-Stock Company and by agreement with the Russian Federation Government, is to be granted the right to regulate markups added to the industrial wholesale price for natural gas sold to end consumers (apart from the population) by gas distribution organizations (resellers).

4. The Russian Federation Federal Energy Commission, the Russian Federation Ministry of the Economy, and the Russian Federation Ministry of Fuel and Energy, with the participation of the "Gazprom" Russian Joint-Stock Company, are to draw up in the fourth quarter of 1996 a statute on regulating tariffs for gas transportation services made available by the "Gazprom" Russian Joint-Stock Company's gas transportation organization to gas suppliers not forming part of the "Gazprom" Russian Joint-Stock Company.

The Russian Federation Federal Energy Commission is to approve the said statute in 1996.

The Russian Federation Federal Energy Commission and the Russian Federation Ministry of Fuel and Energy, with the participation of the "Gazprom" Russian Joint-Stock Company, are instructed, beginning in the first quarter of 1997, to effect the switch to the application of tariffs for gas transportation services by way of main gas pipelines to organizations not forming part of the "Gazprom" Russian Joint-Stock Company.

5. The Russian Federation State Committee for Statistics, with the participation of the Russian Federation Federal Energy Commission and the Russian Federation Ministry of the Economy, are to elaborate forms of federal state statistical supervision of costs and tariffs for gas transportation services by way of main gas pipelines.

6. The following are deemed no longer valid: Russian Federation Council of Ministers-Government Decree No. 678 of 13 June 1993 "On State Regulation of Prices for Natural Gas and Other Types of Energy Resources" (SOBRANIYE AKTOV PREZIDENTA I PRAVITELSTVA ROSSIYSKOY FEDERATSII, 1993, No. 29, p2690; SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII, 1995, No. 14, p1249, p1250; No. 17, p1539; No. 27, p2574) and Point 2 of Russian Federation Government Decree No. 197 of 27 March 1995 "On the Price of Natural Gas Released to Gas Sales Organizations (Resellers) for Subsequent Sale to the Population and Housing Construction Cooperatives" (SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII, 1995, No. 14, p1250.

[Signed] Russian Federation Government Chairman V. Chernomyrdin.

Russia: Agricultural Finance Reform Plans Viewed

MM3107081996 Moscow ROSSIYSKIYE VESTI in Russian 26 Jul 96 p 2

[Article by Yelena Ishkova: "We Write 'Agroprombank' and Keep Credit Cooperation in Mind. President Keeps Promise About Preferential Credits for Countryside"]

[FBIS Translated Text] From the very beginning of the reforms every agricultural busy period, be it sowing or harvesting, has been accompanied by loud complaints from former collective farm chairmen about the lack of circulating capital. There is no money to buy all the things without which there can be no harvest! They have been unable, and for a long time to come they will remain unable, to rely on commercial banks because of the low efficiency of agricultural production and excessively high prices. The state had no option left but to devise temporary and ineffective ways of solving this problem like trade credit and then to write off agricultural enterprises' debts.

Back in April President Boris Yeltsin promised in his edict No. 565 to sort out this complex tangle by giving preferential credits at no more than 25 percent of the Central Bank's discount rate from 1997. But at that time it was not completely clear how this would be done, and many agrarians were quick to call the edict an election ploy.

But a few days ago the president's desire to give the countryside preferential credits started to be embodied in a real mechanism. Yeltsin signed an edict according to which a national system of credit and financial services for commodity producers will be set up, based on the Agroprombank. The State Duma has to pass a

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special law on the Agroprombank which will specify the terms on which the bank will receive and disburse treasury money to agricultural producers.

This law has already been prepared. Agricultural producers will be given credits on a competitive basis incorporating a compulsory repayment guarantee and secured against property and land. Since it is a question of budget money, the state has to buy up the controlling block of Agroprombank shares, for which an additional emission will be made. According to Vladimir Lazutin, deputy chief of the Economy Ministry Economy of the Agro-Industrial Complex Department, the state will need a total of around 10 billion rubles [R] to acquire the controlling block. It is proposed to use for this purpose some of the funds provided by the 1996 federal budget for funding the countryside.

By shifting the burden of funding agricultural commodity producers to the Agroprombank, the state is undoubtedly giving a fillip to the development of market relations in the countryside. A goods credit, essentially an indulgence to oil product suppliers for the nonpayment of taxes, used to be handed out to all and sundry. Its result is logical. Under the president's edict R5 trillion in goods credit debts have already been spread in installments, and most likely similar measures will have to be taken based on the results of 1996. According to Lazutin only farms with a reliable economic situation, high level of management, and prospect of selling their products will be able to rely on Agroprombank credits. Bankers are not bureaucrats, they do care about where to invest money and whether it will be returned.

But not everything is easy here. The system of credit and financial services being created on the basis of the Agroprombank also risks encountering the problem concerning the ability to repay credits. To whom can the property of a run-down collective farm somewhere in the Tver heartlands or an exhausted piece of Vologda land now be sold? What can the farms, which from a creditor bank's viewpoint are a real black hole, do? Where can they get the money for fuel?

In the opinion of Yevgeniy Serovoy, chief of the Institute of the Economic Problems of the Transitional Period Agrarian Policy Laboratory, the state should not now limit itself to creating the one and only state bank for granting credit to agricultural producers. It is more sensible to support those creditors of agricultural producers who have appeared spontaneously and who have already been giving peasants fuel, mineral fertilizers, and seeds on credit against the future harvest for a long time. It is no secret that a goods credit from the state satisfies only half the countryside's requirements during the busy period. In addition, spontaneous creditors provide resources on more advantageous terms. So it is they who must be supported by shifting some of these entrepreneurs' risks onto the state's shoulders.

Minister Viktor Khlystun realizes that the Agroprombank alone will not completely eradicate the problem of credits for the countryside. It is no accident that, following his arrival, the Ministry of Agriculture and Food administration responsible for reforming the agro-industrial complex is now being reorganized and will be considerably strengthened. The question of funding the agricultural economy can be solved only by deepening its reformation processes which were "frozen" by Khlystun's predecessor. (Then, incidentally, it will be time for credit cooperation, which is not currently operating). That is why the edict "On the Russian Agroprombank" will be followed by another document which was promised by the president in April — the federal program to develop agricultural cooperatives and private farming. It was discussed by the Ministry of Agriculture and Food Collegium a few days ago.

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International Affairs

Ukraine: Foreign Minister Previews Moscow Visit, Talks on Fleet

LD0108085396 Kiev Radio Ukraine World Service in Ukrainian 0700 GMT 1 Aug 96

[FBIS Translated Text] Ukrainian Foreign Minister Hennadiy Udovenko said the main purpose of his visit to Moscow is to boost Ukrainian-Russian negotiations on a wide range of issues. The minister, who arrived in Moscow on a working visit, said the talks in Moscow would touch upon the Black Sea Fleet problem as well as the delimitation of the borders.

During the two-day working visit, Udovenko will hold talks with Russian Foreign Minister Yevgeniy Primakov; Dmitriy Ryurikov, the Russian president's foreign policy adviser; and Aleksandr Lebed, secretary of the Russian National Security Council. On Friday, the Ukrainian minister will be received by Russian Prime Minister Viktor Chernomyrdin.

With regard to the Black Sea Fleet problem, Udovenko said the adoption of the Ukrainian Constitution has made the talks much easier. The Ukrainian side seriously wishes to reach a final solution on Sevastopol. He recalled that Ukraine insists on defining the terms of the Black Sea Fleet's deployment, in addition to the issue of deployment itself. The minister added that Russia has made serious moves toward the delimitation of the borders.

Udovenko expressed the hope that the two sides will finally agree on a Ukrainian cultural center in Moscow. We would like the center to open before the fifth anniversary of Ukraine's independence [on 24 August], the Ukrainian foreign minister said.

Ukraine: Opinion Poll on Cooperation With NATO Cited

WS0108103596 Kiev VSEUKRAINSKIYE VEDOMOSTI in Russian 26 Jul 96 p 3

[Unattributed report: "Ukraine's Cooperation With NATO: 'Pros' and 'Cons'"]

[FBIS Translated Text] In the several years of its independence Ukraine has significant accomplishments in the area of developing relations with highly developed European and American countries. Initiation of contacts with NATO seems to be quite a significant indicator. Ukraine has already had positive experience in cooperation with NATO within the framework of the Partnership for Peace program. Recently we have observed a tendency for further expansion of similar mutual relations on the part of the Ukrainian leadership, as well as the NATO leadership. What is Ukraine's residents stance on these relations?

A public opinion poll held by the SOCIS-Gallup in Ukraine in June indicated that 36 percent of those polled approve Ukraine's cooperation with NATO within the Partnership for Peace program. But, in fact, a considerably larger group of respondents is not able to determine their stance on the issue: some 11 percent of the respondents are not interested in these problems at all. The same percentage of those polled know nothing about this program, while 18 percent of respondents found it difficult to answer this question. Around 12 percent of respondents are absolutely indifferent to whether Ukraine cooperates with NATO.

If we analyze the results of the poll from the regional perspective, it appears that there are more supporters of the development of mutual relations with NATO in the western regions of Ukraine than in the eastern regions. Naturally, this may be explained by the fact that Ukraine's eastern oblasts gravitate more toward relations with Russia.

The sociological analysis indicates that a stance on partnership with NATO depends directly on the level of education of those polled. A larger group of people supporting relations with NATO are among the respondents with incomplete higher education, and in particular among students of higher educational institutions. This gives us grounds to assume that our youth has a pro-Western orientation. However, over 22 percent of respondents with higher education have a negative stance on cooperation with NATO.

The interesting fact is that a positive attitude toward partnership with NATO does not depend on the fact of what kind of social system (capitalist or socialist) those polled would like to live. Although among those who do not welcome cooperation with NATO are supporters of the socialist system or those who do not care about what system they live in.

Over 61 percent of respondents explain their positive stance on Ukraine's relations with NATO by the fact that this would increase Ukraine's authority in the world. Every third respondent believes that this cooperation strengthens our military security. Respondents explain their negative stance on cooperation with NATO by the fact that this will facilitate thrusting upon Ukraine the political interests of NATO member-states (50 percent), will involve Ukraine in military conflicts (approximately 25 percent), and will be economically unprofitable (18 percent).

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Ukraine: UNA-UNSO Leaders Pledge To Back Belarus Resistance Forces

MK0108105696 Moscow NEZAVISIMAYA GAZETA in Russian 1 Aug 96 p 1

[Report by Viktor Timoshenko under the general heading: "Viktor Ilyukhin's Prophesies Begin To Come True? In Kiev, UNA-UNSO Leaders Announce Coordination of Actions To Overthrow the Belarusian President, While Belarusian People's Front Leaders Ask for Political Asylum in the United States"]

[FBIS Translated Text] In Kiev, after solemn declarations of eternal peace and commitment to civilized forms of struggle for power, UNA-UNSO leaders have suddenly decided that a neighbor country needs their support in fighting "the anti-people Lukashenka regime." At a news conference held at the organization's headquarters, located on the ground floor of an apartment house, Dmytro Korchinskiy, UNA deputy chairman, has said that a meeting of leaders of "the Belarusian resistance forces" will be held in Kiev in August "to devise measures aimed at overthrowing the regime of Belarusian President Alyaksandr Lukashenka."

Yet, unlike Viktor Ilyukhin, who asserted that 200 UNSO fighters, funded by the U.S. CIA, would start street riots and provocative killings of Belarusian People's Front leaders as early as 7-10 August, Dmytro Korchinskiy cited a different date: early September. According to Korchinskiy, the conference of "the irrepressible Ukrainian and Belarusian revolutionaries," as Rukh leader Vyacheslav Chornovil described them, is designed to devise the tactics of setting up a single anti-Lukashenka front, holding a number of large-scale protest actions by the national patriotic forces of Belarus, conducting energetic work in Minsk, and setting up underground resistance committees.

At the same time, the UNA-UNSO will combine illegal methods of joint Belarusian-Ukrainian resistance with fully legal and peaceful ones. In so doing the revolutionaries will rely on Russian assistance. Pressure on Alyaksandr Lukashenka will be exerted by none other than Boris Yeltsin. According to Dmytro Korchinskiy, representatives of Russia and Chechnya and UNA members are holding talks on exchanging 7 UNSO members arrested during the May riots in Minsk for 14 Russian border guards taken prisoner by rebels led by Shamil Basayev. Korchinskiy asserts that the commander of the 44th border troop detachment, deployed in Vladikavkaz, called on the UNA-UNSO leadership last week, proposing an exchange of UNA members for the imprisoned border guards, because the latter were not included on the list of POW's to be exchanged between Russia and Chechnya.

UNA-UNSO chairman Oleg Vitovich has distanced himself from the statements of his deputy, however. As a people's deputy of the Ukrainian Supreme Council, he is perfectly aware of that his formal participation in or any statements in support of the "Belarusian resistance forces" will be immediately interpreted as interference in Belarusian internal affairs and will trigger not only countermeasures by the Belarusian Foreign Ministry but also a harsh rebuke by the Kiev authorities, particularly on the eve of Ukrainian Prime Minister Pavlo Lazarenko's visit to Moscow. Having deprived the UNA of its official status, the Kiev authorities could fully ban the activity of UNSO extremists as well, particularly so because the new Constitution prohibits political activity aimed at undermining the foundations of Ukrainian statehood.

Ukraine: National Conservative Party Protests Russian Military Bases

LD3107123796 Moscow INTERFAX in English 1141 GMT 31 Jul 96

[FBIS Transcribed Text] Kiev, July 31 (Interfax-Ukraine) — The Ukrainian National Conservative Party [UNCP] condemns "the foreign military display" in the Ukrainian territory on the occasion of the Russian Navy Day in Sevastopol on July 28, the UNCP statement faxed to Interfax-Ukraine on Wednesday says.

It is impossible to sign an agreement on temporary deployment of Russian military units in Ukraine, the paper says. "No one in Ukraine has the right to violate Article 17 of the Fundamental Law, which bans the deployment of foreign military bases in the Ukrainian territory", the party statement says.

For the first time ever, the Ukrainian Naval Forces participated in celebrations on the occasion of the 300th anniversary of the Russian Navy on July 28. The small anti-submarine vessel "Vinnitsa" was among the 27 craft and vessels of the Black Sea Fleet participating in the celebrations.

Ukraine: Talks Held With Russia on Space Cooperation

WS0108083396 Kiev INTELNEWS in English 0432 GMT 1 Aug 96

[FBIS Transcribed Text] Kiev, July 31 — Ukraine and Russia are holding talks on the development of bilateral cooperation within their space industries.

President Leonid Kuchma, who is currently vacationing in Crimea, honored a request from Moscow to meet Wednesday with the chief of Russia's armed forces space troops, Vladimir Ivanov.

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According to a spokesperson from the Presidential press service, the talks focused on peace-time space exploration, and on opportunities to work out joint projects in the design, construction and testing of space ships, as well as scientific personnel training.

Ukraine's National Space Agency (NSAU) general director Oleksandr Nebola reported at the session that in 1996, the space program received only 5 percent financing, causing the shutdown of several domestic programs and international projects, particularly the Mars-96 project.

In 1995, Ukraine's exports in the space industry totaled $100 million, however, Nebola said that current contracts will allow Ukraine the opportunity to raise the export quota by two-three times within the next year, and by five times before the year 2000.

On Tuesday, NSAU signed a contract with a Chinese export-import corporation for the sale of equipment which simulates the space environment, according to Nebola.

Two satellites will be launched in 1999, and the launch of a Prognoz satellite is planned with Russia for August.

Currently, only 0.033 percent of the Gross Domestic Product is allocated for Ukraine's space industry (0.26 percent in the United States, 0.19 percent in France).

Working jointly with the National Academy of Sciences of Ukraine, the Defense Ministry, the Ministry of Machine Building and the Communications Ministry, NSAU has begun to develop a national space program. The draft program will be submitted for consideration by the Cabinet of Ministers in first quarter of 1997.

Economic Issues

Ukraine: IMF Agrees To Allocate $100 Million Credit

LD0108095396 Moscow INTERFAX in English 0825 GMT 1 Aug 96

[FBIS Transcribed Text] KIEV, Aug 1 (Interfax-Ukraine) — The International Monetary Fund Wednesday agreed to allocate the fourth tranche of a stand-by credit totalling about $100 million to Ukraine, IMF representative in Ukraine Alex Sundakov told Interfax-Ukraine Thursday.

The IMF positively assessed fulfillment of the stand-by program by Ukraine as of late June and decided to continue negotiations with Ukraine to expand further cooperation, he said.

A mission of the IMF will visit Kiev August 11-20 to negotiate a new program, a program of an Extended Fund Facility (EFF). The first tranche of this credit may be channelled to the country this December. The volume of the credit in the framework of the EFF program may amount to $3 billion.

The volume of the stand-by credit in 1996 totals 600 million SDR ($867 million). About $300 million have already been sent to Ukraine.

Ukraine received $1.526 billion in 1994-1995 from the IMF.

Ukraine: Statistics Ministry Reports Downward Economic Trend

LD2907182196 Moscow ITAR-TASS World Service in Russian 1510 GMT 29 Jul 96

[By ITAR-TASS correspondent Mikhail Melnik]

[FBIS Translated Text] Kiev, 29 Jul — "Despite some positive aspects, the Ukrainian economy continues to exhibit adverse trends such as a continuing decline in industrial output, a worsening payments crisis, increasing delays in paying wages, pensions and support grants, and declining purchasing power and living standards," according to a report released today by the Ministry of Statistics.

"Gross domestic product is down 8.7 percent on the first six months of last year," the document says. "Industrial output in the first six months was down 3.1 percent year on year. More than two-thirds of industrial enterprises have cut output, and one-third of them have halved output."

"The greatest output falls," the ministry reports, "were recorded for construction materials (down 37 percent), engineering and metalworking products (down 24 percent), and in light industry (down 20 percent).

"Wholesale prices for industrial products rose 12.5 percent between December 1995 and June 1996, against a rise of 90 percent between December 1994 and June 1995, the report stresses. "The largest rises were in the engineering industry (up 19.8 percent), meat processing (up 18.7 percent), wood processing and pulp and paper (up 18.1 percent), and construction materials (up 18 percent)."

"Agricultural output was down seven percent on the first half of 1995, including a drop of 13 percent at state-sector producers. Grain yields per hectare were 20.8 quintals against 25.5 quintals at 24 July 1995," the Ukrainian Statistics Ministry reported.

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Ukraine: Minister Views Electricity Industry

AU3107153196 Kiev HOLOS UKRAYINY in Ukrainian 27 Jul 96 p 3

["Topical interview" with Yuriy Heorhiyovych Bokaryov, Ukraine's minister of power engineering, by Oleh Kilnytskyy; place and date not given: "We Simply Cannot Afford Not To Sell Electricity" — first three paragraphs published in a box]

[FBIS Translated Text] I could not bring myself to congratulate Yuriy Bokaryov on his initial steps in the post of power engineering minister. I rather felt like expressing my sympathy to him: It is not a pleasant thing to occupy the captain's bridge of a sailing vessel that is heading for the ocean elements without a mariner's compass or food provisions, and with an emaciated crew.

The enormous debtor and creditor indebtedness, the lack of adaptation of the power engineering system to the autonomous mode of operation, the chronic shortage of fuel, the depreciation of the equipment at electric power plants,... and total lack of confidence in the future.

One thing is beyond doubt — the coming winter will be difficult and will probably bring quite a number of vexing surprises. The interview with the new minister focuses precisely on problems of the industry and ways to overcome them.

[Bokaryov] The ministry has concentrated its attention on those key tasks that will become priority ones on the road to survival. These are primarily fuel, payments, repairs, and social issues, in particular the payment of wages to workers in the industry.

Vigorous work is under way on implementing the Cabinet of Ministers decree of 26 June 1996 on preparing enterprises of the Power Engineering Ministry for work in the fall-winter season. This includes a complex of measures for procuring fuel and carrying out the necessary repairs.

We are developing a mechanism for canceling indebtedness, and it appears particularly promising to expand the system of bills of exchange that must now encompass, apart from the power engineering complex, enterprises of the ministries of industry, machine building, and coal industry which will make it possible to considerably facilitate mutual settlements between branches of industry.

We are doomed to making incessant attempts to maintain balance between production and consumption of electricity in such a way as to keep working capacities at least at a minimal level and to resort to disconnecting consumers as seldom as possible.

This year is special for energy producers — it is their first year of working in conditions of restructuring the industry, relaxed administrative control, and absence, to a certain extent, of economic levers.

[Kilnytskyy] Yuriy Heorhiyovych, haven't the miners' strikes tightened the already sufficiently taut knot of the fuel problem?

[Bokaryov] On 1 July, during the meeting with S. Polyakov, who was at that time minister of coal industry, a schedule for coal deliveries was agreed upon in accordance with which the miners undertook to deliver to us 92,500 metric tons of coal a day, something that will make it possible to replenish fuel reserves at electric power plants by the fall-winter season. So far, we have only been receiving 65,000 tons.

This year, 8 trillion karbovantsi [K], received by the Ministry of Power Engineering from the budget, will be transferred to the miners in full. The balance of mutual indebtedness of the two departments is now K23.5 trillion in favor of the energy producers.

The situation is more complicated with gas supplies to the industry: The total debt of the power engineering branch for gas is K117 trillion.

We are trying to cooperate more closely with "Ukrhazprom" [Ukrainian Gas Industry Company]. We have already developed a procedure owing to which we have been receiving an additional 7 million cubic meters of gas a day starting 5 July.

Things are quite bad with fuel oil, the annual requirement for which is 4 million tons, but whose reserves are presently almost at zero point.

Commercial structures are now in charge of supplying fuel oil to electric power plants on a barter basis, and we cannot therefore pay our debts to enterprises of Ukraine's State Committee for Oil and Gas. The electricity that we are selling in exchange for fuel oil is noncompetitive. This causes considerable difficulties in selling it. As oil and gas companies give up expensive electricity they also give up fuel-oil deliveries.

We will look for ways to resolve the problem of fuel oil.

[Kilnytskyy] What are the prospects of the tariff policy? Is there any sense in increasing tariffs given the consumers' insolvency?

[Bokaryov] Unfortunately, the growth of tariffs does not depend upon the energy producers' subjective will.

The present tariffs do not correspond to the outlays on the production of electricity. They barely cover the fuel component in the electricity being produced.

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We are, however, aware of the fact that the problem of the tariff level can no longer be tackled separately, despite the macroeconomic trends in the single economic complex.

Ukraine's power engineering will only emerge upon an optimal level of tariffs through evolutionary restructuring of the economy as a whole.

Meanwhile, despite difficulties with payments, we will concentrate our main efforts on providing electricity to satisfy the population's vital needs (heating, transport, and water) and those of financially sound enterprises.

[Kilnytskyy] The establishment of an energy market is presently a power-engineering problem which the mass media cover with particular zeal. How can the price formation typical of the free market be combined with state regulation of prices? What are the advantages of the energy market?

[Bokaryov] The present technological state of electric power plants and the high prime costs of electricity production largely derive from the administrative system of economic management.

It is, however, impossible to proceed to essentially market mechanisms right away given such a legacy: At the first stage, free price formation has been introduced for wholesale marketing of electricity by generating companies with the establishment of the rate limit of 3.5 cents per kilowatt/hour, a limit that cannot be exceeded.

In what concerns the development of a retail market, the situation there may improve with the growing role of commercial enterprises that will compete with oblast state energy-producing companies.

Of course, the creation of joint-stock companies and privatization of energy-producing enterprises must play a major role in the creation of the investment flow.

In this case, we have been confronted with the total inability of the current methods to estimate the cost of capital funds, methods that have set the authorized fund of all Ukrainian electric power plants at K240 trillion, or about $1 billion.

A paradoxical situation has taken shape in which the estimate of the cost of funds does not correlate with the outlays on their renovation or reconstruction.

For example, the World Bank is about to issue a credit of $250 million for the reconstruction of the Kryvyy Rih State Regional Electric Plant, whereas the entire cost of the "Dniproenerho" Company with its three electric plants has been estimated at about $50 million.

My position as minister is straightforward: The assets must be reassessed to derive the real cost of the block of shares.

[Kilnytskyy] One often traces two diametrically opposite points of view in today's discussions on the future development of power engineering capacities: The course toward modernizing thermal power engineering with an increase in the domestic extraction of coal and orientation toward building up-to-date steam-gas electric plants with development of our own gas fields and export of gas from Russia. Which of these two position appeals to you better?

[Bokaryov] I want to say just one thing: The fuel policy will become determining in selecting the road — what type of energy source we are going to give preference to. The National Power Engineering Program, approved by Ukraine's Supreme Council, outlined the trends of that work. The choice of fuel gives an incentive to the development in Ukraine of machine building for the needs of power-engineering. The task for the near future is to eliminate the deficit of controlling capacities [rehulyuvalni potuzhnosti], whose shortage presently constitutes 30 percent, and to ensure a suitable basic mode of operation for our atomic electric power plants [AES]. With such a shortage, an unforeseen stoppage of even a single 1-million-kilowatt power unit may lead to unpredictable consequences. We constantly fluctuate between two critical points: From the minimum of 49.15 Hz, to which the frequency fell in winter and below which the consumers are automatically disconnected, to the maximum point of 50.4 Hz, beyond which generating capacities stop functioning.

The continuous variations in frequency and, as a result, frequent changes in the modes of operation of power units do not only affect the AES's that are exposed to the threat of premature stoppage of power units without full consumption of the fuel, but even power units of thermal electric power plants, which may, for example, stop three or four times a week instead of the scheduled 30 stoppages a year, and this certainly causes damages to the equipment, disruption in the schedule of repairs, and considerable economic losses.

The capacities of the hydroelectric power plants meant for work in the temporary mode of operation are insufficient. Besides, the resource of rivers is very limited: By the middle of summer, for example, the level of the Dnieper is 60 cm below the admissible level.

It is only possible to help the situation by building steam-gas plants and adjusting the operation of the available thermal plants on less powerful, but more flexible power units.

Directly dependent upon the frequency in the electric network is also the possibility of exporting electricity abroad, something which is possible only provided that

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the electricity being supplied is brought to a suitable European level of quality that rules out deviations of the 50 Hz frequency by more than 0.2 Hz.

From exporting 30 billion kilowatt/hours to Europe in 1991, we have gone down to "peanuts" in 1996: It is presently the Burshtyn State Regional Electric Plant alone that exports its electricity at the capacity level of 550 megawatts.

Our former partners in the socialist camp — Poland, the Czech Republic, Slovakia, and Hungary — have joined the single European power engineering system with a well-adjusted mechanism that maintains the production and consumption of electricity at the same level.

It goes without saying that Ukraine can hardly count on being admitted to that system, but Bulgaria, Greece, Turkey, and Romania remain our potential partners.

The specific characteristic of our work is that we cannot store electricity in storehouses and wait until the client finds money to pay for it. That is why the basic ideology of our relations with consumers should be reliable and timely payments.

This is an objective need, which does not depend upon our wishes. Please take me correctly — nobody halts electricity supply to intimidate consumers or to demonstrate the force of monopoly. We simply cannot afford not to sell our commodity.

It is necessary to create such a system of consumption as would make it unprofitable for the consumer not to pay for the electricity he has used, because this will, in turn, lead to his being disconnected from the network and to further unscheduled expenses.

The system of disconnecting consumers is only triggered in the event of extreme need: When there is no balance between generation and consumption or as a result of an accident in the system. In that case, as is known, consumers are adversely affected, including those who pay on time for the electricity they use.

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Belarus

Belarus: Foreign Minister Comments on Dissidents' Appeal for Asylum

WS0108083096 Minsk Radio Minsk Network in Belarusian 0400 GMT 1 Aug 96

[Statement by Belarusian Foreign Minister Uladzimir Syanko to unidentified radio reporter, on 31 July in Minsk — recorded]

[FBIS Translated Text] [Syanko] According to information that we possess, leaders of the Belarusian Popular Front Paznyak and Navumchyk, who are on a private visit to the United States, have applied to the U.S. Immigration and Naturalization Service for political asylum. They justified their motion by claims that President Alyaksandr Lukashenka had allegedly signed their death sentence, meaning they could not return to their motherland.

Undoubtedly, this statement does not correspond with reality. As we know, in Belarus, just as in any other country, in accordance with legal procedures, verdicts are determined by courts. I would like to underscore in this regard that no court or any other investigation is being conducted against Zyanon Paznyak or Syargey Navumchyk. The Republic of Belarus has consciously undertaken commitments to protect and encourage principal civil rights and freedoms, and is making every effort to ensure their proper observance.

[Reporter] What steps have been made by the Belarusian Ministry of Foreign Affairs in response?

[Syanko] First, I think that we should react to this event with restraint. Why? Because it is currently clear to everyone that the step made by the two Belarusian Popular Front leaders was dictated by political considerations, namely the fight against President Lukashenka and the Belarusian authorities.

I would like to explicitly emphasize that such deeds do great harm to the foreign policy interests of our state and people. I am sure that the reaction of the U.S. side to the motion by the Popular Front leaders also will be restrained, given that there are no legal grounds to satisfy it. I would also like to point out that the U.S. side has clearly demonstrated that it highly values friendly bilateral relations between our states.

Therefore, all attempts by certain citizens and political groupings to create a precedent of political emigration from Belarus are groundless and artificial.

Belarus: Asylum-Seeking Opposition Leaders Face Arrest on Return

MM0108084196 Moscow KOMSOMOLSKAYA PRAVDA in Russian 1 Aug 96 p 1

[Report by Igor Sinyakevich: "Belarusian Opposition Breaks Into a Run"]

[FBIS Translated Text] AP has reported that Belarusian People's Front [BPF] leader Zyanon Paznyak, who is in the United States, has asked for political asylum. In an interview with KOMSOMOLSKAYA PRAVDA's correspondent, Yuryy Khadyka, deputy chairman of the BPF, said that the front's leadership has no specific information on this matter, but a week ago they received a report from Zyanon Paznyak and BPF press secretary Syargey Navumchyk, who are abroad, which contained transparent hints of the possibility of such a move. "I think financial circumstances forced them into it," Mr. Khadyka said. "It is a great loss for us, because they will not be able to take part in by-elections to parliament and in the country's political life."

Paznyak and Navumchyk left Belarus after criminal proceedings were instituted in connection with the mass unrest of 24 March. The People's Front leader returned to Belarus 26 April to take part in a demonstration on the anniversary of the Chernobyl disaster. On the same day an attempt was made to arrest him. An OMON [special-purpose police] detachment raided the BPF office and arrested everyone who was there, including parliamentary deputies. Zyanon Paznyak fled via the emergency exit and left the republic in secret. An order is still in force at all Belarus' border posts: "Citizens Z. Paznyak and S. Navumchyk to be detained on entry or exit."

Belarus: Iran's Velayati Carries Message on Expansion of Ties

LD0108083596 Tehran Voice of the Islamic Republic of Iran First Program Network in Persian 0330 GMT 1 Aug 96

[FBIS Translated Text] At the invitation of the Belarus foreign minister, Foreign Affairs Minister Velayati arrived in Minsk yesterday on an official visit to that country.

This is the first visit by the Islamic Republic of Iran's foreign minister to that country. The aims of the visit are to enhance the two countries' political ties; create a suitable political atmosphere for mutual cooperation in the economic, trade, industrial and transport fields; and prepare for further coordination and cooperation in regional and international affairs.

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In a meeting with the Belarus president, Mr. Velayati handed him a written message from Mr. Hashemi-Rafsanjani, our country's president. During the meeting, the Belarus president expressed happiness about receiving the message of Mr. Hashemi and laid stress on a policy adopted by Belarus which aims to strengthen its relations with the Islamic Republic of Iran in all fields and emphasized that these relations serve the two countries' interests.

During the same visit, our country's foreign minister referred to the significance of relations between the Islamic Republic of Iran and Belarus and said that the two countries' relations are improving in a positive manner.

Belarus: Officials Deny Plans To Swap UNA Members for Border Guards

LD3107173196 Moscow INTERFAX in English 1652 GMT 31 Jul 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] Belarusian President Alyaksandr Lukashenka has preliminary agreed to hand out seven members of the Ukrainian National Assembly (UNA) in exchange for Russian border guards captured in Chechnya, UNA's Deputy Chairman Dmitriy Korchinsky said at a news conference in Kiev Tuesday.

The UNA activists were arrested in Minsk on April 26 for involvement in an unauthorized Chernobyl Path march which culminated in clashes with police.

Korchinsky said that the Russian border troops command asked the UNA leaders in the middle of last week to help exchange 14 border guards of the Vladikavkaz-based 44th border unit, held in captivity in Chechnya, for the UNA activists, imprisoned in Minsk.

The talks with President Alyaksandr Lukashenka were mediated by the leader of the Russian Reforms-New Course movement Vladimir Shumeyko, Korchinsky said.

A senior official in Lukashenka's headquarters who spoke on condition of anonymity told Interfax Wednesday that he has no knowledge of the possibility of exchanging the seven UNA members held in a Minsk detention center for the Russian border guards kept prisoner in Chechnya.

Vladimir Kondratyev, Belarus's deputy prosecutor general, also knew nothing of the swap plans. Officials in the press service of the Belarusian border guards said they did not know whether this issue will be discussed as Andrey Nikolayev, director of the Russian Federal Border Guard Service, visits Belarus on August 3.

Belarus: Power Structures To Draft Decree on Antistate Activities

WS0108085996 Minsk BELAPAN in English 0626 GMT 1 Aug 96

[FBIS Transcribed Text] Minsk, 31 July — Belarusian President Alyaksandr Lukashenka has instructed the Security Council, the State Committee of State Security (KGB), the Ministry of Internal Affairs, the Prosecutor's Office and other departments to draft a presidential decree aimed at the stabilization of the situation in the country and the prevention of antistate and antipresidential activities. Anatol Tozik, Deputy Secretary of State at the Security Council, holds that the drafting will be completed this week. It will be recalled that the President announced his intention to issue such a decree during the July 29 telephone conference on problems related to the current harvesting campaign. Mr.Lukashenka also expressed his intention to impose a ban on mass meetings and demonstrations during the period of harvesting. It is still unclear whether this ban will be introduced by the decree which is being drafted by the law enforcement bodies.

Moldova

Moldova: Parliament Urges Snegur To Sign Memorandum on Dniester

AU3007132196 Chisinau INFOTAG in English 1404 GMT 29 Jul 96

[FBIS Transcribed Text] Chisinau, July 29 (INFOTAG) — The Parliament of Moldova sent an appeal to the president of the republic, where it asks him to participate in the signing of memorandum on the foundation of normalization of the relations between Moldova and the Dniester Republic.

The document reminds of the fact that in January 1996 the presidents of Moldova, Russia, and Ukraine signed a joint declaration about the soonest political settlement of the Dniester conflict, which points out that they would take necessary measures to sign the document, which would define special status of the Dniester region as a constituent part of Moldova.

With intermediary participation of Russia, Ukraine, and the OSCE mission in Moldova the memorandum on the Dniester region was developed and approved in June, says the appeal. However, at the beginning of July President Snegur expressed an opinion that there is a possibility for the memorandum not to get signed until the presidential elections.

"We believe that this position does not promote the acceleration of the process of solving such a painful

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problem for the country, and we earnestly ask you to change it and to participate in the signing of the memorandum within terms set between the parties," - says the appeal.

Moldova: PSM Congress Confirms Platform for Presidential Elections

AU3007141696 Chisinau INFOTAG in English 1404 GMT 29 Jul 96

[FBIS Transcribed Text] Chisinau, July 29 (INFOTAG) — Saturday, 27 July, 27, the third extraordinary congress of the Socialist Party of Moldova [PSM] continued its work, the first part of which took place on 7 July.

The congress was held by that part of the PSM which, after the breakup is headed by the Parliament Deputy Valentin Krilov, vice mayor of Chisinau, Eduard Smirnov, and the director of the National Relations Department, Veronica Abramciuk. The other, smaller part of the PSM is headed by the Balti Mayor Victor Morev and Parliament Deputy Valeriu Senic. Each of the two groups mutually excluded its opponents from the party and states that it is them who are the "true" PSM.

Past Saturday [27 July], at the congress Valentin Krilov declared that the recent party congress held in Balti by the former co-chairmen of the PSM, Morev and Senic, cannot be considered legitimate, since the participant delegates represented less than a third of the party members.

"People who are not party members were admitted to and given delegate's mandates, therefore the congress has no legal grounds," emphasized Krilov. He reminded that Senic and Morev were removed from the positions of the co-chairmen of the party and this position is now taken by Eduard Smirnov and Veronica Abramciuk, the latter being promoted by the party as a candidate for the post of president from the Block of National-Patriotic Forces.

The third extraordinary congress of the PSM, which continued its work in Chisinau past Saturday, confirmed the text of the electoral agreement of the PSM with other parties.

The agreement "On the Electoral Block of the National-Patriotic Forces" provides for the formation of the block, based on the following priorities: The establishment and strengthening of Moldovan statehood, formation of the Moldovan Republic as a multiethnic society, restoration and reinforcement of the social justice principle, and the conversion of Moldova into a civil law-governed state.

Each of the political forces entering the block delegates equal number of representatives to the block council, which continues electoral work. The election platform of the presidential nominee is the main document of the block. For the formation of the block the written minutes documenting its formation are stipulated in case the representatives of the block win the elections of the coalition government.

The main presidential nominee from the block needs the support of at least two thirds of the council members. There is also a possibility of one or several duplicate nominees of the main nominee, acting as independent candidates. This is expedient due to the following reasons:

— for the sake of security (safety);
— each nominee is provided by the state with broadcasting time, newspaper space, and finances;
— there are at least 15 parties among 40, which are registered and which are in opposition toward the block, and at least four candidates will oppose a candidate from the block;
— the nomination of Parliament Chairman Petru Lucinschi as an independent candidate makes the success of the block candidate hardly probable in the first round, if it is presumed that the block will nominate Prime Minister Andrei Sangheli as a presidential candidate, that is, the second round of voting cannot be excluded.

The third extraordinary congress of the PSM, which continued its work in Chisinau past Saturday approved the text of the election platform if the party.

As INFOTAG informs, the PSM evaluates the situation in the society as "the system crisis, that spread over to politics, economy, and spiritual sphere." The main election purposes of the PSM are declared the preservation and development of Moldovan statehood, provision for the territorial integrity of the country, the restoration of civil peace and harmony in interethnic relations, the continuation of the balanced personnel policy, and the restoration of the relationship with the former Soviet republics.

The PSM suggests the development of the middle-term framework act of the economy development for 5-10 years, promotes the raising of the prestige of the military service, development of social and cultural spheres, and the development of the integrated program on language policy for the transition period up to 2020.

The PSM comes out in favor of the restoration of territorial integrity of Moldova and "feebly destroyed connections with the countries, formerly parts of the USSR, first of all Russia and Ukraine."

"The President will initiate and develop the processes of unification of the states, former parts of the USSR and will speak against any actions, destroying this unity" — says the document.

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Kyrgyzstan

Kyrgyzstan: Akayev, Iran's Habibi Discuss Economic Cooperation

LD3007141896 Moscow INTERFAX in English 1311 GMT 30 Jul 96

[FBIS Transcribed Text] BISHKEK, July 30 (Interfax) 0- Kyrgyz President Askar Akayev and Iranian First Vice President Hassan Habibi Tuesday discussed the status of the economic cooperation between the two countries, Akayev's press service reports.

Following the meeting, Habibi held talks with Kyrgyz Prime Minister Apas Dzhumagulov. About 50 kinds of Kyrgyz consumer goods are supplied to Iran, the press service said.

Dzhumagulov expressed the hope that the two countries will sign an agreement shortly on cooperation in railroad transport and telecommunications. An agreement is also to be signed on Iran's participation in the construction of the Bishkek-Osh road and overhaul of Manas airport near Bishkek.

Kyrgyzstan is prepared to send its oil and gas production engineers to Iran and help in the setting up of farms.

Habibi said that his country is prepared to invest in the Kyrgyz economy once "investments are legally protected." Tehran is also prepared to help numerous Kyrgyz factories.

Numerous bilateral documents, in particular on cooperation in telecommunications and cooperation in the construction of the Bishkek-Osh road, are to be signed on July 31.

Kyrgyzstan: Premier, Iran's Habibi Praise Tehran-Bishkek Ties

LD3107215396 Tehran IRNA in English 2022 GMT 31 Jul 96

[FBIS Transcribed Text] Bishkek, July 31, IRNA — Iran's First Vice-president Hasan Habibi, who along with his Kyrgyz host, Prime Minister Apas Dzhumagulov, talked to reporters at the airport here on Wednesday before his departure for Tehran and called Tehran-Bishkek political, economic and cultural ties as "excellent".

Habibi said that by relying on Islamic values, Iran follows the policy of friendship among nations, peaceful settlement of crises and expansion of political, economic and cultural ties without any intervention in others' affairs.

He said that Iran shares a common culture and religion with the Central Asian republics; which could lead to expansion of bilateral and multilateral ties.

The Iranian officials said that Kyrgyzstan's close ties with Russia; Kazakhstan and Belarus; and its membership in the 10-nation Economic Cooperation Organization (ECO) augurs well for regional cooperation.

He said that among other provisions of agreement reached with Kyrgyz officials during his three-day visit were joint public and private investments; banking facilities for exports and imports and a rise in number of Persian language seats at Kyrgyz universities.

Dzhumagulov for his part said that regular exchange of visits by Iranian and Kyrgyz heads of state and high-ranking officials had served to expand mutual cooperation.

He said the contract for annual import of 500,000 tons of fertilizers and 230,000 tons of crude oil from Iran by Kyrgyzstan had been signed during Habibi's visit.

Dzhumagulov said that among other agreements reached between the two sides were Iranian help for manufacture of minibuses and buses in his country and air links between Bishkek and the Iranian cities of Tehran and Mashhad.

Kyrgyzstan: Trade, Economic, Investment Accord Signed With Iran

LD3107105096 Moscow INTERFAX in English 0947 GMT 31 Jul 96

[FBIS Transcribed Text] BISHKEK, 31 Jul (Interfax) — Kyrgyzstan and Iran on Wednesday signed a memorandum on cooperation and several economic accords.

The documents, which include accords on the mutual protection of investments, industrial cooperation, trade, and transport, were signed in Bishkek by Kyrgyz Prime Minister Apas Dzhumagulov and Iranian First Vice President Hasan Habibi.

Dzhumagulov said the memorandum and economic agreements would be catalysts in the development of "both economic and political links between Bishkek and Tehran."

He told a news conference the industrial cooperation accord was very important for his country. Among other things, it provided for the setting up of a joint venture to make minibuses and subsequently cars. The venture would be based on a motor vehicle repair facility in the Kyrgyz town of Tokmak.

Dzhumagulov told INTERFAX the cost of the first stage of the project was put at $300,000 and that 70 percent of it was to be paid by the Iranian side.

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The prime minister said Bishkek would give the venture privileged terms, among them customs tariff exemptions for components.

Kyrgyzstan: Meshkhetian Turks Hope To Return to Turkey

LD3107143596 Bishkek ZAMAN-KYRGYZSTAN in Kyrgyz 19 Jul 96 p 4

[FBIS Translated Text] Representatives of Central Asian Meshkhetian Turks attending the first conference of businessmen and intellectuals held in Bishkek's history museum, spoke about their present conditions and came to the conclusion that well-being is achieved through harmony.

At the conference they said that while they have been nomadic and without a roof over their heads they suffered greatly, that they were exiled to desert areas with no water or food, had to leave their children and wives and face enormous difficulties. However, despite the heavy losses, they thanked God that they have preserved their religion, language, customs, and traditions. Representatives of the Meshkhetian Turks said that they wish to return to the land of their ancestors, Turkey.

A representative of Meshkhetian Turks living in Kyrgyzstan, Maksut Izzat, who was at the conference, said that they were grateful to Kyrgyzstan and that they regarded Kyrgyzstan as their second home and had grown up eating and drinking Kyrgyzstan's bread and water.

Maksut Izzat, reporting to the DZHIKHAN KHABAR [WORLD NEWS] agency, stressed that the Meshkhetian Turks were of Anatolian origin and that 99 percent of them wished to return to their historical homeland, Turkey.

Izzat said that the Turkish Government was taking measures to settle the problem of the return of the Meshkhetian Turks to Turkey and that they were expecting to have a place in remote Turkey and hoped laws on their returning home would be implemented soon. Izzat, who said that many people were returning to Turkey, communicated the words of old men and women: "If Turkey cannot give us land to live on, let it give us a place just to bury our corpses, and let it not prefer the land to us.

Tajikistan

Tajikistan: Rakhmanov Expected To Meet Rebel Leader in Moscow

LD3107180096 Moscow INTERFAX in English 1652 GMT 31 Jul 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] President Emomali Rakhmanov and opposition leader Said Abudllo Nuri are expected to hold summit talks in Moscow in September, Gerdt Merrem, U.N. envoy for Tajikistan, says.

In an Interfax interview on Wednesday, he spoke of tackling arrangement issues.

He said the two sides had agreed on a summit meeting during the last round of talks in Ashgabat. Merrem said Rakhmanov and the opposition leader had both announced willing to sit down at the negotiating table to discuss the whole spectrum of political issues to achieve a peace settlement.

The very fact that the two leaders, who were wide apart until recently, had agreed to hold face-to-face talks instills optimism, Merrem said.

Merrem is back from the rebel stronghold of Tulukan, Afghanistan, after talks with Nuri and rebel field commanders. He said discussion was centered on the prospects of peace, not military issues.

He denied having any problem with moving around there unlike the three teams of U.N. military observers in Tavil-Dara, 200 kilometers east of Dushanbe. The first group is stranded 10 kilometers of the city waiting until the road is cleared of mines by bomb disposal units of the government forces, the envoy said. Two others are at Khovaling.

Merrem said government troops did not allow military observers to pass through their checkpoints on the grounds that they were unaware of the cease-fire agreement signed in Ashgabat. Some say they had no instructions from their military commanders allowing the observers to proceed, he said. Others say it is unsafe for the observers to go to Tavil-Dara because of ongoing violent clashes there. The envoy said it was unclear why the military observers should be hampered from carrying out their duty.

He said the observers were vested with functions to oversee that the cease-fire was firmly in place. If not, they are expected to pinpoint the culprits, ascertain positions taken by government forces and rebel units and provide communications means to help

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them contact each other. IF Note: The Foreign Ministry on Wednesday released a special statement from the European Union in the wake of the Ashgabat round saying the EU was aware of the latest accords and expects the warring sides to put them quickly and firmly in place.

The statement calls on the warring sides to ensure an impeded movement of U.N. observers and access to all regions of Tajikistan. The EU has welcomed their intention for further dialogue in August and expressed hopes that whatever differences there were about a venue of the talks would be cleared.

In the meantime, Interior Minister Saidamir Zuhurov told Interfax on Wednesday that government forces were in control of the most part of Tavil-Dara.

He described as being overblown opposition statements saying rebel units had succeeded in dislodging government troops from the region. "Our units are in control of the terrain from Labidzhar to Kalaikhusein villages, including the administrative center Tavil-Dara, which accounts for more than half of the region's territory," Zuhurov said.

He accused rebel leaders of waging guerrilla warfare against government troops after undergoing appropriate training at Afghan military bases. "The situation is somewhat similar to what Soviet troops had to face during the Afghan war," the minister said.

He said mobile groups of 10 to 15 rebels each resorted to a hit-and-run method by shelling government troops from high ground.

On the killing of leading scholar Mukhammad Asimi in Dushanbe, the minister blamed it on the opposition.

76-year-old Asimi who was lured at a secondary school in Dushanbe on Monday was killed at closer range from a pistol with a silencer.

The minister said police investigators had strong evidence indicating that opposition members were involved.

He said the case was being handled by the security ministry adding he had no doubts that the killing was politically motivated. All other theories did not work, the minister said.

He said the assassination of a prominent scholar widely known far beyond Tajikistan was intended to stir up public anger and indignation, unsettle the situation in the capital Dushanbe and Asimi's native region of Leninabad as well as to sow an atmosphere of fear in the country.

Zuhurov did not elaborate apart from saying that preliminary evidence would be made public in a couple of days.

Tajikistan: Opposition Says Russian Military 'Inciting Disorder'

LD3107124596 (Clandestine) Voice of Free Tajikistan in Tajik 0600 GMT 31 Jul 96

[FBIS Translated Text] A meeting took place between Davlat Usmon, the deputy leader of the Islamic Movement of Tajikistan, and Colonel Ian Anderson, the acting head of the UN Military Observer Mission in Tajikistan, in Taloqan, the Islamic State of Afghanistan yesterday.

According to the Islamic Movement's source, at the meeting they discussed military issues: The location of the government and opposition positions, the observance of the cease-fire and ways to monitor it more effectively. It says that Usmon brought incontrovertible evidence and satisfied his interlocutor that the Russian military are directly involved in fighting on behalf of the Dushanbe regime and are merely factors inciting disorder and differences in our country.

It is planned that Col. Anderson and his entourage will return to Dushanbe today.

Tajikistan: Troops Prevent UN Observers From Reaching Tavil-Dara

LD3107164396 (Clandestine) Voice of Free Tajikistan in Tajik 0600 GMT 31 Jul 96

[FBIS Translated Text] The soldiers of [Tajik President Emomali] Rakhmanov's regime have destroyed the last attempt by the UN military observers in Tajikistan to get to Tavil-Dara.

According to the international communications center of the Islamic Movement of Tajikistan, after two observer groups had returned fruitlessly from Garm and Khovaling on 30 July, another three-man observer group made another attempt to get close to Tavil-Dara. However, the servicemen of the regime's army stopped them in the Sari Khosak area and turned them back with the threats, violence, and kind of treatment so characteristic of them. To recap, attempts over a period of eight days by two UN observer groups, in which there also were representatives of the opposition, ended without the slightest result.

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Tajikistan: Three Ex-Premiers Head Antigovernment National Revival Bloc

LD3007120796 Moscow Russian Television Network in Russian 1000 GMT 30 Jul 96

[From the "Vesti" newscast]

[FBIS Translated Text] The growing instability in the Republic of Tajikistan has led to the appearance of yet another anti-government force. They call themselves the internal opposition, and if the militants from Nuri's detachments are worried by the losses in their ranks, these people, according to what they say, want that there should be no killing of other people.

Abdumalik Abdullojonov, Jamshed Karimov, and Abdujalil Samadov are three former prime ministers of the Republic of Tajikistan and leaders of the National Revival bloc. At a news conference in Moscow they announced that 90 percent of the population in the republic is ready to back them coming to power. The three ex-premiers promise to come to power peacefully. The National Revival bloc is counting on support not only in Tajikistan, but also in Russia. They believe that under their rule the armed confrontation will cease and people will not be persecuted on political grounds. The bloc leaders intend to participate in the forthcoming meeting between Tajikistan's President [Emomali] Rakhmanov and [Sayed Abdullo] Nuri, leader of the armed opposition, which is to be held in Moscow in the near future.

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Armenia

Armenia: Defense Minister Meets With Bulgarian Military Delegation

LD3107160496 Moscow INTERFAX in English 1535 GMT 31 Jul 96

[FBIS Transcribed Text] Yerevan, July 31 (Interfax) — Armenian and Bulgarian high-ranking defense officials have conducted consultations to discuss the drafting of a treaty on military cooperation in the Armenian capital of Yerevan, a spokesman for the Armenian Defense Ministry told Interfax on Wednesday.

The consultations were held during the visit of a Bulgarian Defense Ministry delegation to Armenia on July 25-30. The Bulgarian delegation was led by Deputy Defense Minister Boris Radiyev, the spokesman said.

During the visit, the Bulgarian delegation met with Armenian Defense Minister Vazgen Sarkisyan.

The Bulgarian delegation's visit "has become another move toward strengthening security in the region," the spokesman said.

Armenia: Premier Receives Iranian Petrochemical Deputy Minister

NC3107181796 Yerevan Radio Yerevan International Service in Armenian 1630 GMT 31 Jul 96

[FBIS Translated Text] Armenian Prime Minister Grant Bagratyan received a delegation headed by Mr. [Ahmad] Rahgozar, deputy minister of the Iranian Petrochemical Industry and managing director of the National Petrochemical Company, on 30 July.

Mr. Rahgozar explained the structure of the Iranian Petrochemical Industry, noting that the Iranian side is interested in developing cooperation with Armenia. As a first step, he considered desirable the organization of joint work at the Nairit Joint Stock Company, and in "Rubin" and car factories. He noted that this cooperation, whose volume in the future could reach $50 to $100 million, envisages mutual capital investments, exchange of raw materials, and purchases of manufactured goods.

Noting the growing economic ties between Iran and Armenia, Armenian Industry Minister Asbot Safaryan said that work on the subjects under discussion has been going on for the last year and have reached the stage of moving on to the phase of concrete cooperation.

In welcoming the developing cooperation, Prime Minister Grant Bagratyan noted that it could advance along mutually advantageous lines, in particular in view of the fact that the two countr[illegible] have friendly relations and share common interests

Armenia: Telman Ter-Petrosyan, Turkes' Son on Economic Cooperation

NC3107175796 Yerevan Radio Yerevan International Service in Armenian 1630 GMT 31 Jul 96

[FBIS Translated Text] A delegation of the Armenian Industrialists and Businessmens Union, headed by the prominent businessman Telman Ter-Petrosyan, is having important contacts in Istanbul these days.

Telman Ter-Petrosyan met Tugrul Turkes, the deputy leader of the People's-Republican Party [party name as heard] and son of Alpaslan Turkes, and the True Path Party deputy from Istanbul Cefi Kamhi at the Hilton where he is staying.

Tugrul Turkes told JAMANAK paper, after the meeting with Telman Ter-Petrosyan, that they have always aimed at forging an atmosphere of peace and cooperation in the region. Turkey and Armenia are the two important countries in the region. A dialogue between the sides at every occasion and place will contribute to the regional peace and cooperation, he added, and said that an economic cooperation able to muster huge projects, from industrial investments to daily trade, could be established between Turkey and Armenia. Tugrul Turkes underlined that in the next stage of the bilateral cooperation the ties could be expanded within the framework of the Black Sea Economic Cooperation.

Commenting on impressions from his Istanbul contacts, Telman Ter-Petrosyan noted that bright prospects for economic cooperation exist for both countries. He stressed that the economic cooperation between Turkey and Armenia could reach $600 to $700 million.

Armenia: Former Russian Envoy Presents New Envoy to Karabakh Leaders

NC0108060896 Yerevan Armenia's Radio First Program Network in Armenian 1950 GMT 31 Jul 96

[FBIS Translated Text] During his conversation with reporters, Vladimir Kazimirov, who arrived in Stepanakert today to introduce his replacement Yuriy Yukalov to the Nagorno-Karabakh Republic [NKR] leadership as the Russian president's new personal representative at the Karabakh-Azerbaijan talks, described his farewell visit to Nagorno-Karabakh as evocative and emotional.

In commenting on the prospects for settling the Karabakh problem, Kazimirov noted that they are relatively favorable; for more than two years the bloodshed has stopped, a mechanism for resolving possible incidents has been worked out, a stable negotiating process has been put in place, and an exchange of POWs and hostages has taken place (?through) the International Red Cross. In his words, this has somewhat

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eased the tension. The diplomat underlined at the same time that utilization of these essential elements for the eventual resolution of the conflict basically depends on the conflicting sides. In his words, the latter [word indistinct] to raise the level of responsibility of the mediators in order to push the negotiating process forward. Kazimirov especially underlined that there will be no easy solutions for the final settlement of the conflict and the sides will instead have to make mutual concessions, for there is no way leading to a happy ending without harming any of the sides.

In turn, Yuriy Yukalov said that he is optimistic about the possibilities for a solution, otherwise he would not have come to Stepanakert and assumed this mission.

The Russian diplomats were received by NKR Prime Minister Leonard Petrosyan today afternoon.

Armenia: France Cooperates in Restoration of 'Hydropower' Plants

NC3107184796 Yerevan NOYAN TAPAN in English 1130 GMT 31 Jul 96

[FBIS Transcribed Text] Yerevan, July 31 (Noyan Tapan) — A cooperation between the Armenia's Energy Ministry and the major French State Energy Company Electricite de France (EDF) have been successfully developing. The cooperation between these two energy institutions started three years ago. For this period EDF jointly with the French Energy Organization Energie pour l'Armenie (EPA) has surveyed 15 small hydropower plants and restored 10 of them. The companies paid particular attention to the surveys at the hydropower plants of the Sevan-Hrazdan and Vorotan water falls. Energie pour l'Armenie appealed to the French Government to help Armenia restore and develop its energy sector. Recently the Government of France has signed a document allocating Armenia 300,000 USD, which will be spent on restoration of the Dzor hydropower plant in Armenia's north.

At a news conference on Wednesday EDF's representatives Mr. Fontain and Mr. Triqet, who are currently visiting Armenia, said that the major objective of the current project is to conduct expert works. The same project, according to them, envisages surveys at a number of hydropower plants. Upon completion of the expert works it is planned to prepare relevant documents which will serve as a ground for getting investments for restoration of the Dzor hydropower plant which is of great importance for the Armenia's northern regions. The normal capacity of the hydropower plant is 25 MWt, however, at present it is working at the capacity of 6-8 MWt. The experts from France voiced their concern over the bad conditions of hydrofacilities and instability of the ground in the area surrounding the plant. Mr. Triqet pointed to the necessity of installation of new equipment at the hydropower plant to ensure normal operation of a plant and improve plant's and personnel's safety.

Under the same project Armenian specialists will be sent to France for re-training. They will also get familiarized with the modern hydropower plants operating in France and obtain skills in operating modern equipment.

EDF will also assist in implementing TACIS [Technical Assistance to CIS] project on training of specialists from "Armhydroproject" new project implementation methods. The objective of the project is to ensure that project implementation meet international standards. This will also enable to submit projects worked out at Armhydroproject to various international banks for receiving investments. Armhydroproject has already been delivered equipment for automatic projection.

According to Chief Specialists of the Armenian Energy Ministry's Department for Reconstruction and Development Aleksandr Kocharian, the usage of hydro potentialities will provide Armenia with energy at 60-70 percent. However, at present the share of hydropower in the total amount of energy generated in Armenia is equivalent to 15-20 percent.

Azerbaijan

Azerbaijan: 'Kremlin' Promises To Halt 'Anti-Azerbaijani Campaign'

NC3107150996 Baku TURAN in English 1100 GMT 31 Jul 96

[FBIS Transcribed Text] Baku /31.07.96/ TURAN — "Besides Aleksey Bolshakov and Vyacheslav Mikhailov, ambassador, Ramiz Rizayev and vice-premier, Abbas Abbasov, have discussed the problem of discrimination of rights of Azeris in Moscow with Russia's Foreign Affairs Minister, Yevgeniy Primakov", a credible source from the Government told TURAN. [sentence as received]

The source said Rizayev and Abbasov have conducted conversation with Moscow's Mayor, Yuriy Luzhkov.

"As a result of special measures we managed to stop the wave of mass arrests of Azeris in the capital of Russia", the source noted. He said anti-Azerbaijani campaign waged in Russia goes down and as the Kremlin promised, in the near future the situation in Moscow will stabilize.

"We have been promised that none of Azeris will be illegally arrested", representative of official Baku said.

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Azerbaijan: Former Russian Envoy Optimistic About Nagorno-Karabakh

LD3107164196 Moscow INTERFAX in English 1619 GMT 31 Jul 96

[FBIS Transcribed Text] STEPANAKERT, July 31 (Interfax) — Favorable conditions for a settlement of the Nagorno-Karabakh problem have recently appeared, Vladimir Kazimirov, former Russian presidential envoy at talks for a settlement of the Nagorno-Karabakh conflict, said in Stepanakert, the Nagorno-Karabakh capital, on Wednesday.

Kazimirov came to Stepanakert in order to introduce his successor Yuri Yukalov to the leadership of the self-proclaimed Nagorno-Karabakh Republic.

Kazimirov himself was appointed as Russian ambassador to Costa Rica on July 24.

Bloodshed in the conflict zone was ended more than two years ago, he said.

Methods to settle possible incidents have been worked out, stable talks have been held, prisoners of war and hostages have been exchanged acoording to the lists compiled by the International Committee of the Red Cross, Kazimirov said.

These moves have helped to mitigate tension, he said.

However, the use of these opportunities for a further settlement of the conflict depends on the conflicting sides, which "are seriously tempted to lay greater responsibility for the development of talks on the intermediaries," he said.

There will be no easy solutions regarding a final settlement of the conflict, Kazimirov said, adding that the sides would have to make reciprocal concessions.

"There is no path that would lead to a mutual happy ending without prejudice to one of the sides," he said.

Yukalov said for his part that he too was optimistic about the settlement of the conflict. "Otherwise, I would not undertake this mission and come to Stepanakert," he said.

Prior to this appointment, Yukalov was Russian ambassador to Zimbabwe.

Azerbaijan: Two Intergovernmental Agreements Signed With Iran

NC3107155596 Baku TURAN in English 1100 GMT 31 Jul 96

[FBIS Transcribed Text] Baku /31.07.96/ TURAN — Two non-governmental agreements have been signed today in Teheran. Thus, the agreement on border cooperation between the Iranian and Azeri border services and the agreement on joint cooperation for fight against illegal circulation of narcotics were signed, TURAN was told by Charge d'Affair of Iran to Azerbaijan Afshar Suleymani.

The same source reports that the Azeri delegation headed by the Minister of Interior Ramil Usubov and the Commander of border troops Abbasali Novruzov met with the State Minister 'Ali Mohammad Besharati [title as received].

Afshar Suleymani refuted the information about the expectation of signing of the agreement on cooperation between the police departments of Iran and Azerbaijan. He says such document cannot be signed until there is not intergovernmental agreement on legal cooperation between the two countries.

The same source says that on the eve the delegation of Azerbaijan met with the president of Iran Hashemi-Rafsanjani and the Chairman of the Iranian-Azeri commission, the Minister of Cooperation Gholam Reza Shafe'i.

Today the Azeri delegation has left for Mashhad where the meeting with the Chief of Khorasan province will take place. From Mashhad the Azeri delegation will leave for Tabriz to meet with the Chief of this province.

Georgia

Georgia: Shevardnadze Meets South Ossetian Official

LD0108094396 Moscow INTERFAX in English 0804 GMT 1 Aug 96

[FBIS Transcribed Text] TBILISI, Aug 1 (Interfax) — The upcoming meeting between President Eduard Shevardnadze and the leader of South Ossetia Ludvig Chibirov "will be a turning point in the efforts to settle the Georgian-Ossetian conflict," Badri Khatidze, the Georgian president's representative for the Shida Kartli region, which includes South Ossetia, told journalists on Thursday.

According to him, the mass return of both Georgian and Ossetian refugees may begin after the meeting.

In the meantime, Khatidze said, refugees have already begun to return to their homes in Tskhinvali district, and no problems have emerged in this connection.

Ten houses were built in the town of Prisi, where both Ossetians and Georgians live. Five of them have been granted to Ossetian families, and five to Georgian. The construction of ten more houses will be concluded in the town shortly.

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According to Khatidze, arrangements have been made for electricity supplies to Tskhinvali district from Georgia's Gori district. The issue of flour supplies from Gori to Tskhinvali has also been settled.

Georgia: Abkhaz Army Begins Military Exercises

LD0108093496 Moscow INTERFAX in English 0921 GMT 1 Aug 96

[FBIS Transcribed Text] SUKHUMI, Aug 1 (Interfax) — The Abkhazian army began military exercises in the area of Sukhumi on Thursday, a high-ranking representative of Abkhazia's Defense Ministry told Interfax.

"The exercises aim to practice actions designed to rebuff the possible attack on Sukhumi from the sea," he said.

According to him, the exercises involve artillery, military planes, helicopters, coast guard ships and armored vehicles.

Interfax's correspondent reports artillery pieces deployed in a district of Sukhumi began to fire at sea targets Thursday morning. War planes also launched several strikes on targets in Sukhumi harbor.

Georgia: Ministry Denies Media Reports on Killing of U.S. Diplomat

LD0108112496 Moscow INTERFAX in English 1033 GMT 1 Aug 96

[FBIS Transcribed Text] TBILISI, Aug 1 (Interfax) — The Georgian Security Ministry's press center has denied reports by some media which alleged that Georgian Security Minister Shota Kviraya had made statements pointing to the Russian special services' involvement in the murder of American diplomat Fred Woodruff in Georgia.

The press enter circulated a statement in Tbilisi Thursday which says that "neither the minister nor any other leader of the Security Ministry has made such statements."

The goal of the misinformation is to spoil relations between the Georgian and Russian special services, the document says.

Fred Woodruff was killed on August 8, 1993, 30 kilometers from Tbilisi. Twenty-two year-old Anzor Sharmaidze, not knowing who was in the passing car, fired at Woodruff's car, angered that it had not stopped when he waved it over to fetch some gasoline. One of the bullets hit Woodruff in the head. According to many sources, Woodruff was a high-ranking CIA officer. James Woolsey, then chief of the CIA, came to Georgia for Woodruff's body. In February 1994, Sharmaidze was sentenced to 15 years in prison by the Georgian Supreme Court.

Georgia: Former State Security Service Head Said To Be Double Agent

MK0108091196 Moscow SEGODNYA in Russian 30 Jul 96 p 3

[Report by Mikhail Vignanskiy: "'Double Agent' Giorgadze Was Preparing an Attempt on the Life of Not Only Shevardnadze But Also Yeltsin. So Claims the Newspaper of the Georgian State Security Ministry"]

[FBIS Translated Text] A few days ago, the Georgian State Security Ministry published in its newspaper, titled TOP NONSECRET, sensational information, suggesting that Igor Giorgadze, former head of the state security service, was a double agent: the resident of the Russian military intelligence in Transcaucasia and an agent of Western special services. The latter had allegedly started to "monitor" Giorgadze since the time the Russian resident assumed the post of deputy chief of military intelligence service at the Georgian Defense Ministry.

In September 1992 in Frankfurt am Main, Giorgadze was arrested by local police. According to the official story, he was charged with an attempted use of an invalid VISA card to pay a hotel bill. At the same time, he was found to possess 42,000 German marks and $15,000. A criminal case was initiated, and Giorgadze started to be actively recruited. The newspaper says that the recruitment was being performed by Bundeswehr and BND, the German special service. It is they who appear to have set up Giorgadze: The credit card was planted on him. In a short while the police released him and his "hard currency story" was not disclosed. The veto persisted for several years, until the leadership of the German intelligence changed. Later, Western special services took a renewed interest in Igor Giorgadze, since his role in the Georgian Defense Ministry was well known to them.

After the last August events, in a secret recess in one of Igor Giorgadze's offices, located on the territory of a Georgian special elite unit, documents were found which evidenced that he had ties with the Main Intelligence Directorate [GRU] and Western special services. Reportedly, the agent used his contacts with Western intelligence services — those of the United States, Germany, the U.K., Luxembourg, and Turkey — for his personal enrichment as well.

As long as the investigation continues, some details in the Giorgadze case will not be disclosed. It has been said, however, that after the elimination of Eduard

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Shevardnadze, which was scheduled for last August, it was planned to do away with Jaba Ioseliani, leader of Mkhedrioni, Defense Minister Tengiz Kitovani, and Loti Kobalia, leader of armed units supporting Zviad Gamsakhurdia. Incidentally, according to some sources, during the war in Abkhazia, Giorgadze met with Kobalia in the seaport city of Poti. He held secret negotiations, trying to convince Kobalia not to help Georgian governmental troops, since the career of Shevardnadze would be finished with the fall of Sukhumi.

According to the Georgian State Security Ministry, after the attempt on Shevardnadze's life, Giorgadze and his Moscow patrons planned to hold an operation against Boris Yeltsin in the Russian capital. Even now, so TOP NONSECRET assures, Giorgadze has not been given up by both Western and Russian special services.

The fact that Igor Giorgadze has not been extradited to Georgia affects the relations between Tbilisi and Moscow. Georgian President Eduard Shevardnadze has said that Georgia has repeatedly officially asked the Russian authorities and the relevant agencies in Moscow that the "terrorist number 1" be extradited, but the matter still remains unsolved. "Such an approach contradicts the interests of good-neighbor relations," the Georgian president feels sure. Tbilisi believes that Moscow's refusal only confirms the story that the "Kremlin's hand" is involved in the attempt on Shevardnadze 29 August last year. State Minister Niko Lekishvili says that, in his opinion, Giorgadze will hardly be extradited. "The roots of what happened last August are where Giorgadze is at present," Lekishvili maintains.

Temur Kvirkvelia, head of the press center of the Georgian Prosecutor's Office, in addition to what was said by the Georgian leadership, told your SEGODNYA correspondent that the Prosecutor's Office continued investigation into the case of the former head of the Georgian state security service. According to Kvirkvelia, Igor Giorgadze has been also charged with other terrorist acts in Georgia over the past few years. Specifically, he is charged with a contract murder of Soliko Khabeishvili, Shevardnadze's close associate, one of the leaders of the Georgian president's fund, and former secretary of the Central Committee of the Georgian Communist Party.

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Estonia

Estonia: Defense Ministry Reports on Organized Crime

LD3107123596 Tallinn TV-3 Television Network in English 1730 GMT 30 Jul 96

[FBIS Translated Text] There are about 20 groupings of organized criminal activity in Estonia and they include at least 10,000 people, according to a report drawn up by the information department of the Estonian Ministry of Defense about crime in Estonia and Russia.

Crime in Russia has recently concentrated in the northwestern area. Even the Russian ministries are concerned with the fact that certain groups of people who once lived in the Pskov and Leningrad Regions have permanently settled in Estonia. The bulk of the current elite of the criminal groupings arrived in Estonia between 1988 and 1990.

[Begin recording] [Herman Simm, information department head] All this is being done with a clear aim in mind: to create appropriate channels and bases. And also, one of the main issues is that there are essentially no organized crime groupings of ethnic Estonians in Estonia after the group linked with the Linnuvabrik was eliminated. Estonia has reached a situation where it is the Russian groupings whose activities could influence it quite a lot.

[Correspondent] Simm said that mafiosi of Estonian nationality were not only at the level of a working man.

[Simm] They are also at a rather high level. Of course, the situation has historically developed so that the main forces here in Estonia, too, are the groupings of organized crime linked with the [Russian] towns of Perm, Kemerovo, Krasondar and others. These groupings form the core but there are also ethnic Estonians quite high up in their hierarchy. [end recording]

[Correspondent] The main stronghold of organized crime is Tallinn, the capital city, and the northeastern border town of Narva is in the second place, according to the report by the Ministry of Defense. The main carve-up of territory and the setting of rules has been completed in the Estonian mafia.

[Simm] By now, they have indeed, in some sense, divided up between themselves certain regions and activities. But more and more there is a tendency in Estonian that they move from illegal economy into legitimate business. When this trend becomes strong it will also bring about a phenomenon that conventional crime, street crime — all these thefts and killings on the streets we had — will come down.

[Correspondent] The term organized crime is mainly associated with connections with the state apparatus and links with state officials. Has the crime in Estonia reached high echelons?

[Simm] They are perhaps higher up than we would think. [end recording]

Estonia: Estonian-U.S. Joint Military Exercises Reach Climax

LD3107200696 Tallinn Estonian Television Network in Estonian 1800 GMT 31 Jul 96

[FBIS Translated Excerpt] The joint Estonian-U.S. military exercises that are in progress within the Partnership for Peace program framework have reached their climax with a three-day field exercise that began on 31 July in the former cantonment of (?Kulvipesa). During the field exercise the soldiers of the Parnu independent infantry company apply the peacekeeping skills acquired from the Americans.

[Begin recording] [Correspondent Kristel Kossar] In the soldiers' parlance the Estonian-U.S. joint exercises are known as "become a peacekeeper in three weeks." [passage omitted] During the field exercises soldiers have an opportunity to test their knowledge in practice. During the first day observation posts were erected and gaining control over an area practiced. During the following days other knowledge to do with transport, communications, and medicine acquired during the course will be tested.

[Private Rene Kundla] What we have learned during the course is that a peacekeeper does in fact keep peace and while keeping peace he is risking his life a lot. So that preserving other lives you may have to give yours.

[Kossar] [passage omitted] Also, Kaitseliit [defense league] men and a couple of Defense Academy cadets are taking part in the field exercises alongside soldiers of the Parnu independent infantry company. The Estonian-U.S. joint peacekeeping exercises will end on 2 August. [end recording]

Lithuania

Lithuania: New Round of Border Talks With Russia Starts in Vilnius

LD3007101696 Vilnius Radio Vilnius Network in Lithuanian 0900 GMT 30 Jul 96

[FBIS Translated Text] The fifteenth round of the Lithuanian and Russian border talks started in Vilnius today. So far, the Russians' proposal has been to recognize the old Soviet administrative borderline between the Republic of Lithuania and the Russian Federation

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as the state border. This would deprive Lithuanian fishermen of the right to fish in Lake Vistytis. Lithuania, meanwhile, suggests the border should be drawn in such a manner that the lake is divided between the two countries. This position was acceptable to Russia in the early stage of the negotiations a couple of years ago. However, the Russians changed their mind later.

A similar disagreement exists in the two countries' views on River Nemunas: Lithuania and Russia interpret the river's fairway differently; therefore, the countries do not agree on which part of the river should be attributed to which country. In addition, there are disagreements on the maritime border in the Courland Lagoon and the Baltic Sea.

Lithuania: Border Talks With Russia Inconclusive

WS0108083296 Tallinn BNS in English 1600 GMT 31 Jul 96

[FBIS Transcribed Text] Vilnius, Jul 31, BNS — No significant progress was achieved in the round of border negotiations between Russia and Lithuania which ended Wednesday in Vilnius. "My optimism was 100 percent unfounded," foreign ministry secretary Rimantas Sidlauskas, head of the Lithuanian delegation, said at a short briefing after the negotiations.

He noted that Lithuania had hoped for "decisive resolutions" from Russia after a longer pause in negotiations before the 15th round.

Issues were discussed at the two-day meeting, Sidlauskas said, in which for the most part no agreement could be reached.

The major problem up until now in the negotiations was the border through Vistytis Lake, the mouth of the Nemunas River, the Kursiu Bay and the Baltic Sea.

Despite this, the head of the Lithuanian negotiators hopes that before the end of the year it will be possible to resolve the most disputed issues. A possible alternative now might be a meeting at the highest level of officials, the foreign ministry secretary noted, but he did not specify which officials he had in mind.

Lithuania: Officials Comment on Border Talks With Russia

LD2807170096 Vilnius Radio Vilnius Network in Lithuanian 1600 GMT 28 Jul 96

[FBIS Translated Text] Lithuanian officials do not expect that all issues will be finalized at the next round of talks with Russia. Zenonas Kumetaitis, deputy head of the Lithuanian negotiating delegation, told ELTA that a two-day meeting of Lithuanian and Russian representatives will open in Vilnius on 30 July, at which the talks on the draft treaty on delimitation of economic zone and continental shelf will would continue.

The previous round of talks took place before the presidential elections in Russia, in Kaliningrad on 17 and 18 April. At that time, Rimantas Sidlauskas, head of the Lithuanian [negotiating] delegation and deputy minister of foreign affairs, said that the process of Lithuanian and Russian negotiations is not stalled but there are no significant achievements, either. In Kaliningrad, the Lithuanian negotiators had their first meeting with the new head of the Russian negotiating team, Ambassador Valeriy Popov. He replaced the former head of the Russian delegation, Ambassador Yuriy Shelmov.

The positions of both countries are getting closer, yet there remain unsolved questions, said Zenonas Kumetaitis, who is also deputy director at the State Land Survey and Geodesy Service. According to him, the Lithuanian and Russian delegations have different interpretations of land border delimitation principles and of international conventions, which govern the delimitation of the economic zone and continental shelf in the Baltic Sea.

During the negotiations, which have been going on since July 1993, as much as 90 percent of the treaty on land border has been agreed upon, however, there are disagreements on the border along Lake Vistytis and the mouth of the Nemunas.

Lithuania: Official Cited on Sea Border Talks With Latvia

LD3107204596 Vilnius Radio Vilnius in English 1900 GMT 31 Jul 96

[FBIS Transcribed Text] The head of the Lithuanian team for sea border talks with Latvia, Deputy Foreign Minister Rimantas Sidlauskas, says that the Latvians seem to have realized that they cannot further stick to their unilateral position regarded disputed continental shelf. The leader of the Latvian talks team, Mr. Juris Sinka, recently said that Lithuania would make some concessions in negotiations if Latvia proposed to share the crude oil that is located in disputed continental shelf.

That is only Mr. Sinka's opinion, but we are glad that Latvia starts to respect Lithuania's interests, Mr. Sidlauskas told the Baltic News Service on Wednesday [31 July].

At present the Latvian talks team is undergoing changes and no talks are held. So far the new head of the Latvian delegation has not been appointed. Mr. Sinka headed the Latvian talks team while he was the state minister of the Latvian Foreign Ministry. Now this position has been abandoned.

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